

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2005

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.)

350 Poplar Church Road, Camp Hill, Pennsylvania

17011

(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 NO

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES 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, 2005
Common stock, par value \$1.25 per share	41,679,575

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		SIX MONTHS ENDED JUNE 30	
	2005	2004	2005	2004
REVENUES FROM CONTINUING OPERATIONS:				
Service sales	\$ 498,787	\$ 440,700	\$ 968,360	\$ 846,607
Product sales	197,360	176,877	367,848	327,243
TOTAL REVENUES	696,147	617,577	1,336,208	1,173,850
COSTS AND EXPENSES FROM CONTINUING OPERATIONS:				
Cost of services sold	367,401	326,594	719,806	631,386
Cost of products sold	158,914	141,284	300,156	265,480
Selling, general and administrative expenses	95,212	89,455	192,248	177,459
Research and development expenses	711	676	1,370	1,381
Other (income) expenses	(593)	1,953	849	3,573
TOTAL COSTS AND EXPENSES	621,645	559,962	1,214,429	1,079,279
OPERATING INCOME FROM CONTINUING OPERATIONS	74,502	57,615	121,779	94,571

Equity in income of unconsolidated entities, net	42	74	120	172
Interest income	567	488	1,145	1,201
Interest expense	(10,419)	(10,038)	(20,862)	(20,320)

INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	64,692	48,139	102,182	75,624
Income tax expense	(20,647)	(14,942)	(32,757)	(23,469)

INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	44,045	33,197	69,425	52,155
Minority interest in net income	(2,232)	(2,217)	(4,560)	(4,318)

INCOME FROM CONTINUING OPERATIONS	41,813	30,980	64,865	47,837

DISCONTINUED OPERATIONS:				
Loss from operations of discontinued business	(316)	(426)	(341)	(416)
Gain/(loss) on disposal of discontinued business	204	59	195	(88)
Income/(loss) related to discontinued defense business	(6)	-	32	224
Income tax benefit	44	132	43	112

LOSS FROM DISCONTINUED OPERATIONS	(74)	(235)	(71)	(168)

NET INCOME	\$ 41,739	\$ 30,745	\$ 64,794	\$ 47,669
=====				
Average shares of common stock outstanding	41,612	41,080	41,558	41,009
Basic earnings per common share:				
Continuing operations	\$ 1.00	\$ 0.75	\$ 1.56	\$ 1.17
Discontinued operations	--	(0.01)	--	--

BASIC EARNINGS PER COMMON SHARE	\$ 1.00	\$ 0.75 (a)	\$ 1.56	\$ 1.16 (a)
=====				
Diluted average shares of common stock outstanding	42,046	41,525	42,012	41,493
Diluted earnings per common share:				
Continuing operations	\$ 0.99	\$ 0.75	\$ 1.54	\$ 1.15
Discontinued operations	--	(0.01)	--	--

DILUTED EARNINGS PER COMMON SHARE	\$ 0.99	\$ 0.74	\$ 1.54	\$ 1.15
=====				
CASH DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.30	\$ 0.275	\$ 0.60	\$ 0.55
=====				

(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 2005	DECEMBER 31 2004
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 99,551	\$ 94,093
Accounts receivable, net	534,039	555,191
Inventories	262,922	217,026
Other current assets	59,098	58,614
TOTAL CURRENT ASSETS	955,610	924,924
Property, plant and equipment, net	925,340	932,298
Goodwill, net	412,652	433,125
Other assets	100,372	98,477
Assets held for sale	1,784	932
TOTAL ASSETS	\$ 2,395,758	\$ 2,389,756
LIABILITIES		
CURRENT LIABILITIES:		
Short-term borrowings	\$ 63,104	\$ 16,145
Current maturities of long-term debt	6,069	14,917
Accounts payable	213,024	220,322
Accrued compensation	53,272	63,776
Income taxes	47,451	40,227
Dividends payable	12,492	12,429
Other current liabilities	220,813	210,581
TOTAL CURRENT LIABILITIES	616,225	578,397
Long-term debt	556,136	594,747
Deferred income taxes	99,696	95,702
Insurance liabilities	55,567	53,960
Retirement plan liabilities	92,872	97,586
Other liabilities	49,999	54,483
Liabilities associated with assets held for sale	--	691
TOTAL LIABILITIES	1,470,495	1,475,566
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock	85,145	84,889
Additional paid-in capital	149,311	139,532
Accumulated other comprehensive loss	(164,778)	(127,491)
Retained earnings	1,460,457	1,420,637
Treasury stock	(603,271)	(603,377)
Unearned stock-based compensation	(1,601)	--
TOTAL STOCKHOLDERS' EQUITY	925,263	914,190
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,395,758	\$ 2,389,756

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	
	2005	2004
JUNE 30		

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 64,794	\$ 47,669
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	97,463	88,401
Amortization	1,270	1,189
Equity in income of unconsolidated entities, net	(120)	(171)
Dividends or distributions from unconsolidated entities	--	544
Other, net	4,578	5,770
Changes in assets and liabilities, net of acquisitions and dispositions of businesses:		
Accounts receivable	(7,280)	(56,854)
Inventories	(49,476)	(26,686)
Accounts payable	2,683	11,606
Accrued interest payable	14,177	13,285
Accrued compensation	(7,689)	2,096
Other assets and liabilities	14,086	10,109

NET CASH PROVIDED BY OPERATING ACTIVITIES	134,486	96,958

CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(135,777)	(99,156)
Purchase of businesses, net of cash acquired	(8,147)	(5,165)
Proceeds from sales of assets	14,496	2,748

NET CASH USED BY INVESTING ACTIVITIES	(129,428)	(101,573)

CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term borrowings, net	55,223	2,339
Current maturities and long-term debt:		
Additions	69,062	99,004
Reductions (including reclassifications to short-term borrowings)	(93,351)	(85,910)
Cash dividends paid on common stock	(24,911)	(22,518)
Common stock issued-options	6,071	7,975
Other financing activities	(3,503)	(2,596)

NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	8,591	(1,706)

Effect of exchange rate changes on cash	(8,191)	(2,355)

Net increase (decrease) in cash and cash equivalents	5,458	(8,676)
Cash and cash equivalents at beginning of period	94,093	80,210

CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 99,551	\$ 71,534
=====		

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(IN THOUSANDS)	THREE MONTHS ENDED JUNE 30	
	2005	2004
Net income	\$ 41,739	\$ 30,745
Other comprehensive income (loss):		
Foreign currency translation adjustments	(24,791)	(8,566)
Net losses on cash flow hedging instruments, net of deferred income taxes of \$44 and \$0 in 2005 and 2004, respectively	(82)	--
Pension liability adjustments, net of deferred income taxes of (\$2,406) and (\$631) in 2005 and 2004, respectively	5,609	1,494
Reclassification adjustment for gain on cash flow hedging instruments included in net income, net of deferred income taxes of \$1 and \$0 in 2005 and 2004, respectively	(1)	--
Other comprehensive loss	(19,265)	(7,072)
TOTAL COMPREHENSIVE INCOME	\$ 22,474	\$ 23,673

(IN THOUSANDS)	SIX MONTHS ENDED JUNE 30	
	2005	2004
Net income	\$ 64,794	\$ 47,669
Other comprehensive income (loss):		
Foreign currency translation adjustments	(45,677)	(11,757)
Net losses on cash flow hedging instruments, net of deferred income taxes of \$44 and \$14 in 2005 and 2004, respectively	(82)	(25)
Pension liability adjustments, net of deferred income taxes of (\$3,638) and \$660 in 2005 and 2004, respectively	8,475	(1,567)
Reclassification adjustment for (gain) loss on cash flow hedging instruments included in net income, net of deferred income taxes of \$1 and (\$56) in 2005 and 2004, respectively	(3)	104
Other comprehensive loss	(37,287)	(13,245)
TOTAL COMPREHENSIVE INCOME	\$ 27,507	\$ 34,424

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

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, 2004.

B. RECLASSIFICATIONS

Certain reclassifications have been made to prior years' amounts to conform with current year classifications. These reclassifications relate principally to components of the Consolidated Statements of Cash Flows. As a result of these reclassifications, certain 2004 amounts presented for comparative purposes will not individually agree with previously filed Forms 10-K or 10-Q.

C. OPTIONS FOR COMMON STOCK

In prior years, when stock options were issued to employees, the Company used the intrinsic value method to account for the options. No compensation expense was recognized on the grant date, since at that date, the option price equaled the market price of the underlying common stock. Effective in 2003, the Company ceased granting stock options to employees. In 2004, the Management Development and Compensation Committee of the Board of Directors approved the granting of restricted stock units as the long-term equity component of officer compensation. In the first quarter of 2005, the Company issued 32,700 performance-based restricted stock units with a fair value of \$50.41 per unit to certain officers. Restricted stock units are more fully described in Note 12, "Stock-Based Compensation," to the Company's Form 10-K for the year ended December 31, 2004.

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).

(IN THOUSANDS, EXCEPT PER SHARE)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2005	2004	2005	2004
Net income:				
As reported	\$ 41,739	\$ 30,745	\$ 64,794	\$ 47,669
Compensation expense (a)	--	--	--	(96)
Pro forma	\$ 41,739	\$ 30,745	\$ 64,794	\$ 47,573
Basic earnings per share:				
As reported	\$ 1.00	\$ 0.75	\$ 1.56	\$ 1.16
Pro forma	1.00	0.75	1.56	1.16
Diluted earnings per share:				
As reported	0.99	0.74	1.54	1.15
Pro forma	0.99	0.74	1.54	1.15

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

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PART I - FINANCIAL INFORMATION

D. REVIEW OF OPERATIONS BY SEGMENT

(IN THOUSANDS)	THREE MONTHS ENDED JUNE 30, 2005		THREE MONTHS ENDED JUNE 30, 2004	
	SALES	OPERATING INCOME (LOSS)	SALES	OPERATING INCOME
Mill Services Segment	\$ 271,286	\$ 33,404	\$ 242,249	\$ 24,849
Access Services Segment	206,597	21,253	183,127	14,322
Gas Technologies Segment	90,034	3,630	82,954	5,266
Segment Totals	567,917	58,287	508,330	44,437
Engineered Products & Services ("all other") Category	128,230	18,280	109,247	13,177
General Corporate	-	(2,065)	--	1
Consolidated Totals	\$ 696,147	\$ 74,502	\$ 617,577	\$ 57,615

(IN THOUSANDS)	SIX MONTHS ENDED JUNE 30, 2005		SIX MONTHS ENDED JUNE 30, 2004	
	SALES	OPERATING INCOME (LOSS)	SALES	OPERATING INCOME (LOSS)
Mill Services Segment	\$ 539,921	\$ 60,405	\$ 478,542	\$ 50,099
Access Services Segment	390,174	30,619	340,934	17,722
Gas Technologies Segment	172,168	5,728	160,516	8,354
Segment Totals	1,102,263	96,752	979,992	76,175
Engineered Products & Services ("all other") Category	233,945	27,311	193,858	19,340
General Corporate	--	(2,284)	--	(944)
Consolidated Totals	\$ 1,336,208	\$ 121,779	\$ 1,173,850	\$ 94,571

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

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

(IN THOUSANDS)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2005	2004	2005	2004
Segment Operating Income	\$ 58,287	\$ 44,437	\$ 96,752	\$ 76,175
Engineered Products & Services ("all other") Category	18,280	13,177	27,311	19,340
General Corporate	(2,065)	1	(2,284)	(944)
Operating income from continuing operations	74,502	57,615	121,779	94,571
Equity in income of unconsolidated entities, net	42	74	120	172
Interest income	567	488	1,145	1,201
Interest expense	(10,419)	(10,038)	(20,862)	(20,320)
Income from continuing operations before income taxes and minority interest	\$ 64,692	\$ 48,139	\$ 102,182	\$ 75,624

E. ACCOUNTS RECEIVABLE AND INVENTORIES

Accounts receivable are net of an allowance for doubtful accounts of \$16.6 million and \$19.1 million at June 30, 2005 and December 31, 2004, 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 \$1.8 million and \$0.9 million for the three months ended June 30, 2005 and 2004, respectively, and \$3.1 million and \$2.5 million for the six months ended June 30, 2005 and 2004, respectively.

INVENTORIES

(IN THOUSANDS)	JUNE 30		DECEMBER 31	
	2005	2004	2005	2004
Finished goods	\$ 74,120	\$ 60,554		
Work-in-process	57,753	37,882		
Raw materials and purchased parts	100,800	91,965		
Stores and supplies	30,249	26,625		
Total Inventories	\$ 262,922	\$ 217,026		

Inventories increased \$45.9 million from December 31, 2004 due to the following factors:

- o Increased work-in-process and raw materials inventories due primarily to customer orders being manufactured at the railway track maintenance services and equipment business, scheduled for delivery in the second half of 2005; and
- o Increased finished goods for the Gas Technologies Segment and the international Access Services business to meet expected demand in the second half of 2005.

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F. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

(IN THOUSANDS)	JUNE 30 2005	DECEMBER 31 2004
Land and improvements	\$ 39,256	\$ 39,838
Buildings and improvements	168,358	185,807
Machinery and equipment	2,017,455	2,027,765
Uncompleted construction	68,619	45,083
Gross property, plant and equipment	2,293,688	2,298,493
Less accumulated depreciation	(1,368,348)	(1,366,195)
Net property, plant and equipment	\$ 925,340	\$ 932,298

G. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table reflects the changes in carrying amounts of goodwill for the six months ended June 30, 2005:

(IN THOUSANDS)	GOODWILL				CONSOLIDATED TOTALS
	MILL SERVICES SEGMENT	ACCESS SERVICES SEGMENT	GAS TECHNOLOGIES SEGMENT	ENGINEERED PRODUCTS AND SERVICES ("ALL OTHER") CATEGORY	
Balance as of December 31, 2004, net of accumulated amortization	\$ 220,493	\$ 167,802	\$ 36,693	\$ 8,137	\$ 433,125
Goodwill acquired during year	906	-	-	-	906
Foreign currency translation	(11,448)	(9,822)	-	-	(21,270)
Other	-	(109)	-	-	(109)
BALANCE AS OF JUNE 30, 2005, NET OF ACCUMULATED AMORTIZATION	\$ 209,951	\$ 157,871	\$ 36,693	\$ 8,137	\$ 412,652

Goodwill is net of accumulated amortization of \$104.1 million and \$108.4 million at June 30, 2005 and December 31, 2004, respectively.

Intangible assets, which are included principally in Other assets on the Consolidated Balance Sheets, totaled \$11.3 million, net of accumulated amortization of \$11.0 million at June 30, 2005 and \$10.9 million, net of accumulated amortization of \$10.5 million at December 31, 2004. The following chart reflects these intangible assets by major category.

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INTANGIBLE ASSETS

(IN THOUSANDS)	JUNE 30, 2005		DECEMBER 31, 2004	
	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION
Customer Relationships	\$ 9,160	\$ 765	\$ 7,662	\$ 609
Non-compete agreements	5,039	4,214	4,898	4,032
Patents	4,292	3,791	4,416	3,757
Other	3,859	2,262	4,411	2,087
Total	\$ 22,350	\$ 11,032	\$ 21,387	\$ 10,485

The increase in intangible assets during the second quarter of 2005 is due in part to the acquisition discussed in Note H, "Acquisitions and Dispositions." As part of this transaction, 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	\$ 3,565	None	8 years
Non-compete agreements	149	None	10 years
Total	\$ 3,714		

The above acquisitions were partially offset by the sale of certain intangible assets in the Mill Services Segment.

There were no research and development assets acquired and written off in the first six months of 2005 or 2004.

Amortization expense for intangible assets was \$1.0 million and \$0.8 million for the six months ended June 30, 2005 and 2004, respectively. The following chart shows the estimated amortization expense for the next five fiscal years based on the current intangible asset carrying amounts.

(IN THOUSANDS)	2005	2006	2007	2008	2009
Estimated Amortization Expense	\$2,100	\$1,900	\$1,500	\$1,300	\$1,000

H. ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS

In May 2005, the Company's Mill Services Segment acquired Evulca SAS, a France-based company with more than 30 years experience providing conveyor belt management and maintenance services to the steel industry and other industrial clients. The privately-held company recorded 2004 sales in excess of \$5 million. The pro forma impact of the above acquisition 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 continued to recognize income from inventory consigned to the buyer in accordance with the sale agreement and when all revenue recognition criteria have been met. As of June 30, 2005, all the remaining assets have been sold and the corresponding income has been recognized in Discontinued operations. The income from the sale of this inventory had an immaterial effect on net income for the six months ended June 30, 2005.

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In 2004, management approved the sale of certain long-lived assets (primarily land and buildings) of the Mill Services Segment. Having met the necessary requirements of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," these assets have been separately identified on the Consolidated Balance Sheets as "held for sale" for all periods presented. Additionally, certain long-lived assets of the Gas Technologies Segment were classified as "held for sale" during the second quarter of 2005 and have been separately identified on the Consolidated Balance Sheet as "held for sale" at June 30, 2005. These assets had a net book value of \$1.0 million and \$1.2 million at June 30, 2005 and December 31, 2004, respectively.

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

(IN THOUSANDS)	JUNE 30 2005	DECEMBER 31 2004

ASSETS		
Accounts receivable, net	\$ --	\$ 15
Inventories	--	133
Other current assets	--	23
Property, plant and equipment, net	1,784	761

TOTAL ASSETS "HELD FOR SALE"	\$ 1,784	\$ 932
=====		
LIABILITIES		
Accounts payable	\$ --	\$ 24
Other current liabilities	--	542
Other liabilities	--	125

TOTAL LIABILITIES ASSOCIATED WITH ASSETS "HELD FOR SALE"	\$ --	\$ 691
=====		

I. COMMITMENTS AND CONTINGENCIES

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, 2005 and December 31, 2004 include accruals of \$2.5 million and \$2.7 million, respectively, for environmental matters. The amounts charged against pre-tax income related to environmental matters totaled \$0.5 million and \$1.0 million for the first six months of 2005 and 2004, 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. In August 2004, NJDEP amended its reassessment of \$146,000 and revised the proposed penalty to

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
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\$325,400. The amended order was appealed. On July 6, 2005, the Company and NJDEP reached a settlement agreement pursuant to which the Company agreed to pay a penalty of \$90,900.

ROYALTY EXPENSE DISPUTE

The Company is involved in a royalty expense dispute with Canada Revenue Agency (CRA). The CRA is proposing to disallow certain royalty expense deductions claimed by the Company's Canadian subsidiary on its 1994-1998 tax returns. As of June 30, 2005, the maximum assessment from the CRA for the period 1994-1998 is approximately \$9.3 million including tax and interest. The Company has filed an administrative appeal and will vigorously contest the disallowance.

The Company currently anticipates that some portion of the assessment may be paid in this royalty expense dispute. However, the Company intends to utilize competent authority proceedings in the U.S. to recover a portion of any required tax payment amount. The Company believes that any amount not recovered through these proceedings has been fully reserved as of June 30, 2005, and therefore will not have a material adverse affect on the Company's future results of operations.

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 prior to 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.

As of June 30, 2005, there are 31,409 pending asbestos personal injury claims filed against the Company. Of these cases, 26,318 were pending in the New York Supreme Court for New York County in New York State and 4,799 of the cases were pending in state courts of various counties in Mississippi. The other claims totaling approximately 292 are filed in various counties in a number of state courts, and in certain Federal District Courts, and those complaints assert lesser amounts of damages than the New York cases or do not state any amount claimed.

As of June 30, 2005, 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 11,735 cases.

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 the New York Supreme Court for New York County and in Mississippi state courts after 2002. On December 19, 2002, the New York Supreme Court responsible for managing all asbestos cases pending within New York County 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

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Docket for plaintiffs who are able to show such medical conditions. The Order has been challenged by plaintiffs. Under the Order, 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, 2005, the Company was listed as a defendant in approximately 253 pending cases in the New York Supreme Court for New York County that have been designated as Active or "In Extremis" 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 approximately 1,464.

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.

During the second quarter of 2005, the Company continued to obtain case dismissals in Mississippi. These dismissals were in the wake of the Mississippi Supreme Court's decision in the Mangialardi case (in which the court held that consolidation of personal injury claims is impermissible and which restricted out of state residents from bringing asbestos suits in Mississippi). Based on these dismissals, the total number of pending Mississippi cases as of June 30, 2005 is now 4,799. Significantly, however, 2,879 of those cases were filed in, or removed to, the Mississippi federal district court, which is in the process of transferring them to the federal Multidistrict Asbestos Docket in Philadelphia (the "MDL"). In accordance with an order of the MDL court entered several years ago, the transferred cases are deemed "administratively dismissed," subject to being reinstated only when each individual plaintiff can demonstrate both a present physical injury and that asbestos exposure resulted from the products or activities of identifiable defendants. These "administratively dismissed" cases are not included in the dismissal numbers noted in the above paragraphs.

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. RECONCILIATION OF BASIC AND DILUTED SHARES

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2005	2004	2005	2004
Income from continuing operations	\$ 41,813	\$ 30,980	\$ 64,865	\$ 47,837
Average shares of common stock outstanding used to compute basic earnings per common share	41,612	41,080	41,558	41,009
Dilutive effect of stock-based compensation	434	445	454	484
Shares used to compute dilutive effect of stock-based compensation	42,046	41,525	42,012	41,493
Basic earnings per common share from continuing operations	\$ 1.00	\$ 0.75	\$ 1.56	\$ 1.17
Diluted earnings per common share from continuing operations	\$ 0.99	\$ 0.75	\$ 1.54	\$ 1.15

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All outstanding stock options were included in the computation of diluted earnings per share at June 30, 2005. Options to purchase 12,000 shares were outstanding at June 30, 2004, but were not included in the computation of diluted earnings per share because the effect was antidilutive.

K. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT PENSION EXPENSE (INCOME) (IN THOUSANDS)	THREE MONTHS ENDED JUNE 30			
	U. S. PLANS		INTERNATIONAL PLANS	
	2005	2004	2005	2004
Defined benefit plans:				
Service cost	\$ 845	\$ 653	\$ 1,684	\$ 2,367
Interest cost	3,479	3,398	9,914	9,379
Expected return on plan assets	(4,778)	(4,490)	(10,962)	(9,828)
Recognized prior service costs	192	188	312	304
Recognized losses	904	745	3,143	3,294
Amortization of transition (asset)	(364)	(366)	(6)	(138)
Settlement loss	--	--	14	--
Defined benefit plans pension expense	\$ 278	\$ 128	\$ 4,099	\$ 5,378

DEFINED BENEFIT PENSION EXPENSE (INCOME) (IN THOUSANDS)	SIX MONTHS ENDED JUNE 30			
	U. S. PLANS		INTERNATIONAL PLANS	
	2005	2004	2005	2004
Defined benefit plans:				
Service cost	\$ 1,690	\$ 1,305	\$ 3,565	\$ 4,825
Interest cost	6,957	6,796	20,254	18,901
Expected return on plan assets	(9,556)	(8,980)	(22,367)	(19,810)
Recognized prior service costs	384	377	635	617
Recognized losses	1,809	1,491	6,358	6,654
Amortization of transition liability (asset)	(728)	(733)	3	(275)
Settlement loss	--	--	27	--
Defined benefit plans pension expense	\$ 556	\$ 256	\$ 8,475	\$ 10,912

Defined benefit pension expense in the second quarter and first half of 2005 decreased \$1.1 million and \$2.1 million, respectively, from the comparable 2004 periods. This decrease relates primarily to a decline in the Company's SGB Group's U.K. pension expense as a result of plan changes implemented effective January 1, 2004.

Contributions to defined benefit pension plans are as follows:

DEFINED BENEFIT PENSION PLAN CONTRIBUTIONS (IN MILLIONS)	U. S. PLANS		INTERNATIONAL PLANS	
First Quarter 2005	\$ 0.2		\$ 14.9 (a)	
Second Quarter 2005	0.2		4.9	
Six Months 2005	0.4		19.8	
Projected July - December 2005	0.5		9.7	
Total Projected Year 2005	\$ 0.9		\$ 29.5	

(a) Includes a \$9.4 million voluntary contribution to the Company's SGB Group's U.K. pension plan.

Contributions to multiemployer pension plans during the second quarter and six months ended June 30, 2005 were \$3.8 million and \$7.1 million, respectively.

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POSTRETIREMENT BENEFITS EXPENSE (INCOME)	THREE MONTHS ENDED	
	JUNE 30	
(IN THOUSANDS)	2005	2004
Service cost	\$ 1	\$ 3
Interest cost	48	91
Recognized prior service costs	1	8
Recognized (gains)/losses	(9)	7
Curtailment gains	--	(1,502)
Postretirement benefits income	\$ 41	\$ (1,393)

The curtailment gains of \$1.5 million for the three months ended June 30, 2004 was due principally to the termination of certain postretirement health care plans.

POSTRETIREMENT BENEFITS EXPENSE (INCOME)	SIX MONTHS ENDED	
	JUNE 30	
(IN THOUSANDS)	2005	2004
Service cost	\$ 4	\$ 6
Interest cost	103	198
Recognized prior service costs	6	16
Recognized (gains)/losses	(18)	22
Curtailment gains	(318)	(2,238)
Postretirement benefits income	\$ (223)	\$ (1,996)

The curtailment gains of \$0.3 million and \$2.2 million for the six months ended June 30, 2005 and 2004, respectively, were due principally to the termination of certain postretirement health care plans.

In the quarter ended June 30, 2005, the Company contributed \$68 thousand to the postretirement plans. For the six months ended June 30, 2005, the Company contributed \$135 thousand to the postretirement plans and anticipates contributing approximately \$185 thousand during the remainder of 2005.

L. INCOME TAXES

The effective income tax rate relating to continuing operations was 31.9% and 32.1% in the second quarter and first six months of 2005, respectively. This compares with 31.0% for both the second quarter and first six months of 2004. These increases in the effective income tax rate in 2005 were primarily the result of the expiration of three tax holidays: one in Europe, one in the Middle East and one in Asia.

On October 22, 2004, the American Jobs Creation Act (AJCA) was signed into law. The AJCA includes a deduction of 85% for certain international earnings that are repatriated to the U.S., as defined in the AJCA. The Company may elect to apply this temporary provision to qualifying earnings repatriations during 2005. On January 13, 2005, the U.S. Treasury Department and the U.S. Internal Revenue Service (IRS) issued the first in a series of notices that will provide detailed guidance on the AJCA. On May 10, 2005, the U.S. Treasury Department and the IRS published a second round of guidance. The Company is assessing the effects of the repatriation provision and expects to complete its evaluation during the third quarter of 2005. A specific range of income tax effects of these repatriations has not been determined; however, the Company does not expect a material impact due to the structure of its international operations as well as the substantial amount of repatriations to the U.S. in prior years.

M. NEW FINANCIAL ACCOUNTING STANDARDS ISSUED

SFAS No. 123 (revised 2004), "Share-Based Payment" (SFAS 123R)

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS 123R which replaces SFAS No. 123, "Accounting for Stock-Based Compensation," and supersedes Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). SFAS 123R requires the cost of employee services received in exchange for an award of equity instruments to be based upon the grant-date fair value of the award (with limited exceptions). Additionally, this cost is to be recognized as expense over the period during which an employee is required to provide services in exchange for the award (usually the vesting period). SFAS 123R eliminates APB 25's intrinsic value method which the Company has historically used to account for stock option grants.

In March 2005, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 107 (SAB 107) which summarizes the views of the SEC staff regarding the interaction between SFAS 123R and certain SEC rules and regulations. SAB 107 provides guidance on several topics including: valuation methods, the classification of compensation expense, capitalization of compensation cost related to share-based payment arrangements, the accounting for income tax effects of share-based payment arrangements, and disclosures in Management's Discussion and Analysis subsequent to adoption of SFAS 123R.

In April 2005, the SEC issued FR-74, "Amendment to Rule 4-01(a) of Regulation S-X Regarding the Compliance Date for Statement of Financial Accounting Standards No. 123 (Revised 2004), SHARE-BASED PAYMENT" (FR-74). FR-74 allows companies to implement SFAS 123R at the beginning of their next fiscal year (January 1, 2006 for the Company), instead of the next reporting period that begins after June 15, 2005. FR-74 does not change the accounting required by SFAS 123R; it only changes the required implementation date of the standard.

The Company has not yet determined the full impact of implementing SFAS 123R, but it is not expected to have a material impact on the Company's financial position, results of operations or cash flows since the Company ceased granting stock options in 2003. The Company plans to implement SFAS 123R as of January 1, 2006.

SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4"

(SFAS 151)

In November 2004, the FASB issued SFAS 151, which amends Accounting Research Bulletin No. 43, Chapter 4 "Inventory Pricing" (ARB 43). SFAS 151 clarifies that abnormal amounts of idle facility expense, freight, handling costs and wasted material (spoilage) should be expensed rather than capitalized as inventory. Additionally, SFAS 151 requires that allocation of fixed production overheads to inventory costs be based upon the normal capacity of the production facility. The provisions of SFAS 151 are applicable to inventory costs incurred during fiscal years beginning after June 15, 2005 (as of January 1, 2006 for the Company) with earlier application permitted. The Company has not yet determined the full impact of SFAS 151; however, it is not expected to materially impact the Company's financial position, results of operations or cash flows. The Company plans to implement SFAS 151 effective January 1, 2006.

SFAS No. 153, "Exchanges of Nonmonetary Assets, an amendment of APB Opinion No.

29" (SFAS 153)

In December 2004, the FASB issued SFAS 153 which eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion No. 29, "Accounting for Nonmonetary Transactions," and replaces it with an exception for exchanges that do not have commercial substance. SFAS 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS 153 are applicable for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005 (as of July 1, 2005 for the Company) with earlier application permitted. The Company does not expect the adoption of SFAS 153 to materially impact the Company's financial position, results of operations or cash flows as the Company has historically had a very limited number of nonmonetary exchange transactions. The Company implemented SFAS 153 effective July 1, 2005.

SFAS No. 154, "Accounting Changes and Error Corrections, a replacement of APB

Opinion No. 20 and FASB Statement No. 3" (SFAS 154)

In May 2005, the FASB issued SFAS 154 which replaces APB Opinion No. 20, "Accounting Changes" (APB 20) and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements" (SFAS 3). SFAS 154 changes the requirements for the accounting and reporting of a change in accounting principle or correction of an error. It establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the

absence of explicit transition requirements specific to the newly adopted accounting principle. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect the adoption of SFAS 154 to have a material impact on the Company's financial position, results of operations or cash flows. The Company plans to implement SFAS 154 effective January 1, 2006.

FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143" (FIN 47).

In March 2005, the FASB issued FIN 47 which clarifies that the term "conditional asset retirement obligation" as used in SFAS No. 143, "Accounting for Asset Retirement Obligations" (SFAS 143), refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for the conditional asset retirement obligation should be recognized when incurred--generally upon acquisition, construction, or development and/or through the normal operation of the asset. Uncertainty about the timing and/or method of settlement of a conditional asset retirement obligation should be factored into the measurement of the liability when sufficient information exists. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005 (December 31, 2005 for the Company). The Company has not yet determined the full impact of implementing FIN 47, but it is not expected to have a material impact on the Company's financial position, results of operations or cash flows. The Company plans to implement FIN 47 by December 31, 2005.

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

OF OPERATIONS

The following 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, 2004 which included additional information about the Company's critical accounting policies, contractual obligations, practices and the transactions that support the financial results.

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," of this Form 10-Q. 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 2005 revenues were a record \$696.1 million. This was an increase of \$78.6 million or 13% over the second quarter of 2004. Income from continuing operations was a record \$41.8 million compared with \$31.0 million in the second quarter of 2004, an increase of 35%. Diluted earnings per share from continuing operations were a record \$0.99 compared with \$0.75 for the second quarter of 2004, a 32% increase.

Revenues for the first six months of 2005 were a record \$1.3 billion. This is an increase of \$162.4 million or 14% over the first six months of 2004. Income from continuing operations was a record \$64.9 million compared with \$47.8 million in the first six months of 2004, an increase of 36%. Diluted earnings per share from continuing operations were a record \$1.54 compared with \$1.15 for the first six months of 2004, a 34% increase.

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The second quarter and first six months of 2005 results were led by strong performance from the Access Services Segment and all businesses in the Engineered Products and Services ("all other") Category. The Mill Services Segment also had improved revenues and operating income, while the Gas Technologies Segment had improved revenues but decreased operating income.

Revenues for the second quarter of 2005 for the Mill Services Segment were \$271.3 million compared with \$242.2 million in the second quarter of 2004, a 12% increase. Operating income increased by 34% to \$33.4 million, from \$24.8 million in the second quarter of 2004. The Mill Services Segment accounted for 39% of the Company's revenues and 45% of the operating income for the second quarter of 2005. Operating margins for this Segment improved by 200 basis points to 12.3% from 10.3% in the second quarter last year due to margin improvements from new contracts and cost reduction initiatives, as well as \$2.8 million in pre-tax income from a net gain on the disposal of assets related to exiting an underperforming contract. In comparison with the first six months of 2004, this Segment achieved period-over-period revenue growth of \$61.4 million or 13%, and accounted for 40% of the Company's revenues and 50% of the operating income for the first six months of 2005.

The Access Services Segment's revenues in the second quarter of 2005 were \$206.6 million compared with \$183.1 million in the second quarter of 2004, a 13% increase. Operating income increased by 48% to \$21.3 million, from \$14.3 million in the second quarter of 2004. The Access Services Segment accounted for 30% of the Company's revenues and 29% of the operating income for the second quarter of 2005. Operating margins for the Segment improved by 250 basis points to 10.3% from 7.8% in the second quarter of last year due to increased rental equipment utilization and better market conditions and pricing. In comparison with the first six months of 2004, this Segment achieved period-over-period revenue growth of \$49.2 million or 14%, and accounted for 29% of the Company's revenues and 25% of the operating income for the first six months of 2005. Improved performance was achieved by both the international and domestic Access Services operations.

The Gas Technologies Segment's revenues in the second quarter of 2005 were \$90.0 million compared with \$83.0 million in the second quarter of 2004, a 9% increase. Operating income was \$3.6 million compared with \$5.3 million for the second quarter of 2004. The increased revenues in the second quarter of 2005 were led by the industrial cylinder, cryogenics equipment and composite cylinder businesses. Although revenue increased, operating income and operating margins for the second quarter of 2005 declined in comparison with the second quarter of 2004 due to higher operating costs and accelerated customer buying of propane tanks that occurred in last year's second quarter in anticipation of future price increases. Additionally, increased costs and inventory reduction initiatives for the valves business negatively impacted operating income in the second quarter of 2005. In comparison with the first six months of 2004, this Segment achieved period-over-period revenue growth of \$11.7 million or 7%, but operating profit declined \$2.6 million or 31%.

All five businesses in the Engineered Products and Services ("all other") Category contributed higher revenues and operating income in both the second quarter and first six months of 2005 compared with the corresponding 2004 periods. The performance included improved results from the railway track services and equipment business, which continues to see strong sales and contracting services activity; the air-cooled heat exchangers business, where improving market conditions have resulted in increased volumes and backlogs; the roofing granules and industrial abrasives business, which continues to experience strong end-market growth; and the boiler and process equipment business, where positive market acceptance of a new product and a better sales mix contributed to improved performance.

The positive effect of foreign currency translation increased second quarter 2005 consolidated revenues by \$14.1 million and pre-tax income by \$1.3 million when compared with the second quarter of 2004. For the first six months of 2005, the positive effect of foreign currency translation increased consolidated revenues by \$29.6 million and pre-tax income by \$2.5 million when compared with the first six months of 2004.

The Company's operations span several industries and products as more fully discussed in Part I, Item 1, "Business," of the Company's Form 10-K for the year ended December 31, 2004. On a macro basis, the Company is affected by worldwide steel mill production and capacity utilization; non-residential construction and industrial maintenance activities; industrial production volume; and the general business trend towards the outsourcing of services. The overall outlook for 2005 continues to be positive for these business drivers although worldwide steel mill production (excluding China) in the third quarter of 2005 is expected to be static. A recovery in steel mill production is expected in the fourth quarter of 2005. Generally, the Company is experiencing increased activity in its industrial services businesses. Domestically, Access Services rental equipment on the customer job sites is at its all-time highest level and international activity remains strong. The estimated future revenue of Mill Services contracts as of December 31, 2004 was \$3.7 billion; and backlogs in the manufacturing businesses have been growing. Company management believes that its record second quarter sales and

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earnings per share, improving market conditions for most of the Company's services and products and the significant investments in growth-related capital expenditures provide a solid base for achieving the Company's stated objective of double-digit growth in diluted earnings per share from continuing operations in 2005.

REVENUES BY REGION					
(DOLLARS IN MILLIONS)	TOTAL REVENUES THREE MONTHS ENDED JUNE 30		PERCENTAGE GROWTH FROM 2004 TO 2005		
	2005	2004	VOLUME	CURRENCY	TOTAL
Europe	\$ 292.7	\$ 254.8	12.1%	2.8%	14.9%
U.S.	276.2	257.7	7.2	0.0	7.2
Latin America	38.4	28.8	20.0	13.3	33.3
Asia-Pacific	34.6	30.6	7.6	5.5	13.1
Middle East	23.2	17.6	30.4	1.4	31.8
Other	31.0	28.1	5.9	4.4	10.3
Total	\$ 696.1	\$ 617.6	10.4%	2.3%	12.7%

REVENUES BY REGION					
(DOLLARS IN MILLIONS)	TOTAL REVENUES SIX MONTHS ENDED JUNE 30		PERCENTAGE GROWTH FROM 2004 TO 2005		
	2005	2004	VOLUME	CURRENCY	TOTAL
Europe	\$ 556.5	\$ 488.7	10.2%	3.7%	13.9%
U.S.	531.7	485.0	9.6	0.0	9.6
Latin America	72.9	55.9	21.3	9.1	30.4
Asia-Pacific	66.7	56.4	14.3	4.0	18.3
Middle East	46.4	32.4	41.7	1.5	43.2
Other	62.0	55.5	4.9	6.8	11.7
Total	\$ 1,336.2	\$ 1,173.9	11.3%	2.5%	13.8%

2005 HIGHLIGHTS

The following significant items affected the Company overall during the second quarter and first six months of 2005 in comparison with the second quarter and first six months of 2004, respectively:

Company Wide:

- - - - -

- o Strong worldwide economic activity, including increased steel production during the first half of 2005 which leveled off during the second quarter, benefited the Company's Mill Services Segment and resulted in strong demand for the Company's products and services. This included international demand for railway track maintenance services and equipment; access equipment sales and rentals especially in the U.S., Middle East and Europe; cryogenics equipment; industrial cylinders; industrial grating products; roofing granules and abrasives; and air-cooled heat exchangers.
- o The effective income tax rate relating to continuing operations increased from 31.0% in the second quarter and first half of 2004 to 31.9% and 32.1% in the second quarter and first half of 2005, respectively. This resulted in approximately \$0.6 million and \$1.1 million in higher income tax expense for the second quarter and first half of 2005, respectively. This is more fully discussed under Part I, Item 1, Footnote L, labeled "Income Taxes."

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MILL SERVICES SEGMENT:

(DOLLARS IN MILLIONS)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2005	2004	2005	2004
Revenues	\$ 271.3	\$ 242.2	\$ 539.9	\$ 478.5
Operating income	33.4	24.8	60.4	50.1
Operating margin percent	12.3%	10.3%	11.2%	10.5%

MILL SERVICES SEGMENT - SIGNIFICANT IMPACTS ON REVENUES	THREE MONTHS ENDED JUNE 30	SIX MONTHS ENDED JUNE 30
(IN MILLIONS)		
Revenues - 2004	\$ 242.2	\$ 478.5
Continued strong volume and new business	18.0	40.2
Benefit of positive foreign currency translation	9.8	20.2
Acquisitions - (principally Evulca SAS in France)	0.8	0.8
Other	0.5	0.2
Revenues - 2005	\$ 271.3	\$ 539.9

MILL SERVICES SEGMENT - SIGNIFICANT IMPACTS ON OPERATING INCOME FOR THE
THREE AND SIX MONTHS ENDED JUNE 30, 2005 COMPARED WITH THE SAME 2004
PERIODS:

- o Operating income in the second quarter and first half of 2005 increased by \$3.9 million and \$4.8 million, respectively, as a result of increased pricing and new business, particularly in North America, Europe and Brazil; and continued strong international volume, partially offset by increased operating costs (as noted below) and reduced volume in North America during the second quarter of 2005.
- o The benefit of positive foreign currency translation in the second quarter and first six months of 2005 resulted in increased operating income of \$0.7 million and \$1.8 million, respectively, compared with the corresponding 2004 periods.
- o The Segment's operating income for the second quarter and first six months of 2005 was positively affected by \$2.8 million and \$2.6 million in pre-tax income, respectively, due to a net gain on the disposal of assets related to exiting an underperforming contract, partially offset by reorganization costs. This compares with \$0.9 million and \$1.3 million in pre-tax expense in the second quarter and first six months of 2004, respectively.
- o Compared with the second quarter and first six months of 2004, the Segment's operating income in the second quarter and first six months of 2005 was negatively impacted by increased fuel and energy-related costs of approximately \$4 million and \$7 million, respectively.
- o Selling, general and administrative costs increased \$2.5 million and \$4.9 million for the second quarter and first six months of 2005, respectively (including approximately \$1 million related to foreign currency translation in both periods).

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ACCESS SERVICES SEGMENT:

(IN MILLIONS)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2005	2004	2005	2004
Revenues	\$ 206.6	\$ 183.1	\$ 390.2	\$ 340.9
Operating income	21.3	14.3	30.6	17.7
Operating margin percent	10.3%	7.8%	7.8%	5.2%

(IN MILLIONS)	THREE MONTHS	SIX MONTHS
	ENDED JUNE 30	ENDED JUNE 30
Revenues - 2004	\$ 183.1	\$ 340.9
Net increased volume	19.8	36.6
Benefit of positive foreign currency translation	3.8	8.6
Acquisitions (principally SGB Raffia in Australia)	--	3.8
Other	(0.1)	0.3
Revenues - 2005	\$ 206.6	\$ 390.2

ACCESS SERVICES SEGMENT - SIGNIFICANT IMPACTS ON OPERATING INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2005 COMPARED WITH THE SAME 2004 PERIODS:

- o In the second quarter and first six months of 2005, the Segment was positively affected by the performance of the concrete forming rental business, particularly in the Middle East and the U.K., as well as increased equipment rentals, product sales and erection and dismantling services revenue in North America.
- o Lower pension expense in the second quarter and first six months of 2005 increased operating income by approximately \$1.0 million and \$2.1 million, respectively, when compared with the respective 2004 periods.
- o During the second quarter and first half of 2005, the international Access Services business continued to grow outside the U.K., predominantly in the Middle East, due to certain on-going large projects. During the first six months of 2005, the international operations outside of the U.K. had \$134.4 million in revenues and \$17.2 million in operating income. This compares with \$97.1 million in revenues and \$12.0 million in operating income for the first six months of 2004.
- o In the first half of 2005, there was a continued strengthening in the U.S. non-residential construction markets that started in the latter half of 2004. During the second quarter of 2005, equipment on customer job sites reached an all-time high. This strengthening had a positive effect on volume (particularly erection and dismantling services revenue and equipment rental) which caused overall margins in the U.S. to improve. Equipment rentals, particularly in the construction sector, provide the highest margins for this Segment.
- o The benefit of positive foreign currency translation in the second quarter and first six months of 2005 resulted in increased operating income of \$0.8 million and \$0.9 million, respectively, compared with the corresponding 2004 periods.
- o On a comparative basis, operating income in the second quarter and first half of 2005 was negatively impacted by \$1.3 million in pre-tax income from the termination of a post-retirement benefit during the second quarter of 2004 that was not repeated in 2005.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

GAS TECHNOLOGIES SEGMENT:

(IN MILLIONS)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2005	2004	2005	2004
Revenues	\$ 90.0	\$ 83.0	\$ 172.2	\$ 160.5
Operating income	3.6	5.3	5.7	8.4
Operating margin percent	4.0%	6.3%	3.3%	5.2%

GAS TECHNOLOGIES SEGMENT - SIGNIFICANT IMPACTS ON REVENUES

(IN MILLIONS)	THREE MONTHS ENDED JUNE 30	SIX MONTHS ENDED JUNE 30
	Revenues - 2004	\$ 83.0
Increased demand for cryogenics equipment and industrial cylinders	8.1	17.4
Increased demand for composite-wrapped cylinders and certain valves	2.9	-
Increased demand for composite-wrapped cylinders partially offset by decreased demand for certain valves	-	2.2
Decreased sales of propane tanks (due to customers accelerating purchases in 2004 to avoid price increases)	(4.1)	(8.0)
Other	0.1	0.1
Revenues - 2005	\$ 90.0	\$ 172.2

GAS TECHNOLOGIES SEGMENT - SIGNIFICANT IMPACTS ON OPERATING INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2005 COMPARED WITH THE SAME 2004 PERIODS:

- o Operating income decreased in the second quarter and first half of 2005 compared with the same periods of 2004, due mainly to increased costs and inventory reduction initiatives in the valves business and decreased volume for propane tanks (due to customers accelerating purchases in the first half of 2004 to avoid price increases).
- o As expected, the propane business had decreased revenues and operating income in the second quarter and first six months of 2005 when compared with the same 2004 periods. As indicated last year, there was increased demand for propane tanks in the first half of 2004 driven by customers accelerating purchases in anticipation of future price increases due to higher steel prices.
- o Increased costs and product mix in the valves business negatively impacted operating income in the first six months of 2005 compared with the same period of 2004. A strategic action plan is being implemented to improve the results of the valves business. This plan is further discussed in the Outlook, Trends and Strategies section.
- o The international businesses, in both Asia and Europe, contributed significantly to the increased performance of the cryogenics business during the first half of 2005 compared with the first half of 2004.
- o Higher revenue for industrial cylinders was due to increased demand and selling price increases.
- o Foreign currency translation in the first half of 2005 did not have a material impact on operating income for this Segment compared with the first half of 2004.

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ENGINEERED PRODUCTS AND SERVICES ("ALL OTHER") CATEGORY:

(IN MILLIONS)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2005	2004	2005	2004
Revenues	\$ 128.2	\$ 109.2	\$ 233.9	\$ 193.9
Operating income	18.3	13.2	27.3	19.3
Operating margin percent	14.3%	12.1%	11.7%	10.0%

ENGINEERED PRODUCTS & SERVICES ("ALL OTHER") CATEGORY - SIGNIFICANT IMPACTS ON REVENUES	THREE MONTHS ENDED JUNE 30	SIX MONTHS ENDED JUNE 30
(IN MILLIONS)		
Revenues - 2004	\$ 109.2	\$ 193.9
Railway track maintenance services and equipment	7.2	17.1
Air-cooled heat exchangers	7.3	14.7
Industrial grating products	2.3	6.2
Boiler and process equipment	1.4	1.0
Roofing granules and abrasives	0.4	0.6
Benefit of positive foreign currency translation	0.4	0.5
Rounding	--	(0.1)
Revenues - 2005	\$ 128.2	\$ 233.9

ENGINEERED PRODUCTS AND SERVICES ("ALL OTHER") CATEGORY - SIGNIFICANT IMPACTS ON OPERATING INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2005 COMPARED WITH THE SAME 2004 PERIODS:

- o Higher operating income in the first half of 2005 for the railway track maintenance services and equipment business was due principally to increased international contract services and repair parts sales in the U.S. This was partially offset by increased engineering and selling, general and administrative expenses.
- o Operating income for the air-cooled heat exchangers business improved in the second quarter and first six months of 2005 due to increased volume resulting from an improving natural gas market.
- o Increased second quarter and first half of 2005 operating income for the industrial grating products business was due principally to higher selling prices and an improved product mix.
- o The boiler and process equipment business delivered improved second quarter and first half 2005 results due to improved pricing.
- o Strong demand for roofing granules and abrasives again resulted in sustained levels of profitable results for that business in the first six months of 2005, consistent with prior periods.
- o Foreign currency translation in the second quarter and first six months of 2005 did not have a material impact on operating income for this group compared with the second quarter and first six months of 2004, respectively.

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OUTLOOK, TRENDS AND STRATEGIES

Looking to the remainder of 2005 and beyond, the following significant items, trends and strategies are expected to affect the Company:

Company Wide:

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- o A continued focus on expanding the higher-margin industrial services businesses, with a particular emphasis on growing the Mill Services Segment, Access Services Segment and railway services through the provision of additional services to existing customers, new contracts in both mature and emerging markets and strategic acquisitions. Significant investments are also expected to be made to grow these businesses.
- o The continued growth of the Chinese steel industry could impact the Company in several ways. Increased steel mill production in China may provide additional service opportunities for the Mill Services Segment. However, increased Chinese steel exports could result in lower steel production in other parts of the world affecting the Company's customer base. Additionally, although certain commodity costs (e.g., steel) have stabilized in the first half of 2005, continued increased Chinese economic activity may result in increased commodity costs in the future, which may adversely affect the Company's manufacturing businesses. The potential impact of these risks are currently unknown.
- o Higher fuel, energy and transportation costs have been encountered during 2004 and the first half of 2005. Should these costs continue to rise, the Company's operating costs would further increase and profitability would decline to the extent that such costs cannot be passed to customers.
- o Foreign currency translation has had a favorable effect on the Company's sales and income during the first half of 2005. This is due to the average foreign exchange rate for the euro and the British pound sterling being 3% and 2% higher, respectively, during the first six months of 2005 when compared with the first six months of 2004. In comparison with December 31, 2004, the euro and British pound sterling have weakened 12% and 6%, respectively, in relation to the U.S. dollar. Should the U.S. dollar continue to strengthen, particularly in relationship to the euro or British pound sterling, the impact on the Company would generally be negative in terms of reduced sales and income.
- o The Company will continue to focus on improving Economic Value Added (EVA(R)).
- o A record \$320 million in net cash provided by operating activities has been targeted for 2005.
- o Cost reductions and continuous process improvement initiatives across the Company should further enhance margins. This includes improved supply chain management and additional outsourcing in the manufacturing businesses.
- o Defined benefit pension plan expense for 2006 may increase due to changes in actuarial assumptions (e.g., discount rates) and due to changes in returns on plan assets resulting from financial market conditions. Current defined benefit pension plan discount rates have been trending lower than those used as of the 2004 defined benefit pension plan measurement dates (which were used for calculating the 2005 expense). If not offset by improved returns on plan assets or other actuarial assumption changes, these lower discount rates could result in increased defined benefit pension expense for 2006. The impact of this risk will not be known until the fourth quarter of 2005. For additional information on the Company's defined benefit pension plans see Part I, Item 1, Footnote K labeled "Employee Benefit Plans" and Part I, Item 3, "Quantitative and Qualitative Disclosures About Market Risk."
- o Changes in worldwide interest rates should not significantly affect the Company's overall interest expense. Approximately 84% of the Company's current borrowings are at fixed interest rates, principally in British pounds sterling or U.S. dollars. Additionally, approximately 81% of the Company's borrowings are long-term in nature and do not mature until 2010 or later. Should the Company require significant additional borrowings to finance growth-related acquisitions, they would be at the prevailing market interest rates which may be higher than the Company is currently paying under its commercial paper programs.
- o On October 22, 2004, the American Jobs Creation Act (AJCA) was signed into law. The AJCA includes a deduction of 85% for certain international earnings that are repatriated, as defined in the AJCA, to the U.S. The Company may elect to apply this temporary provision to qualifying earnings repatriations during 2005. On January 13, 2005, the U.S. Treasury Department and the U.S. Internal Revenue Service (IRS) issued the first in a series of notices that will provide detailed guidance on the AJCA. On May 10, 2005, the U.S. Treasury Department and the IRS published a second round of guidance. The Company is assessing the effects of the repatriation provision and expects to complete its evaluation during the third quarter of 2005. A specific range of income tax effects of these repatriations has not been determined; however, the Company does not expect a material impact due to the structure of its international operations.

Mill Services Segment:

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- o According to the International Iron and Steel Institute (IISI), global steel production (excluding China) for the first six months of 2005

was virtually flat in comparison with the first six months of 2004. To maintain pricing levels, a much more disciplined steel industry has been modifying production levels to bring inventories in-line with current demand.

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Based on these demand changes, during the third quarter of 2005, global steel production is expected to remain static.

- o The benefit of new contracts is expected to offset the expected static steel production levels in the third quarter of 2005, and results should approximate the third quarter of 2004. The Company expects to see a return to overall growth in steel production during the fourth quarter of 2005, resulting in additional positive growth for this Segment.
- o The effect of foreign currency translation for the remainder of 2005 is unknown. Most of the Mill Services growth this year should come primarily from add-on services and investments, including possible bolt-on acquisitions.
- o The increased energy-related costs this Segment experienced during the first half of 2005 are expected to persist through the rest of the year; however, price escalation clauses that are built into certain existing contracts will assist the Company in recovering a portion of these increased costs from customers.
- o The risk remains that certain Mill Services customers may be acquired or consolidate in the future, which could have an adverse impact on the Company's income and cash flows. Conversely, such consolidation may provide additional service opportunities for the Company. A merger during April 2005 of two of the Company's larger customers has created the world's largest steel company. Currently, the effect of this merger on the Company cannot be estimated.

Access Services Segment:

- o Both the international and domestic Access Services businesses are expected to show continued improvement during 2005 and into 2006.
- o Nonresidential construction activity at the Company's international operations, particularly in the Middle East, remains strong.
- o U.S. non-residential construction activity continued to improve in the first half of 2005 and the overall market outlook remains positive. Various industry sources are currently forecasting significant growth for U.S. non-residential construction during 2005.
- o The effect of foreign currency translation for the remainder of 2005 is unknown.

Gas Technologies Segment:

- o Although cost inflation for steel and certain commodities has started to moderate in the second quarter of 2005, worldwide supply and demand for steel (which is now being actively managed by the steel mills to try to maintain current pricing) and the availability of carbon fiber used to manufacture filament-wound composite cylinders could have adverse effects on future raw material costs and this Segment's ability to obtain the necessary raw materials.
- o Weak market conditions and increased costs have impacted the valves business during the first half of 2005. A comprehensive strategic plan has been developed and is currently being executed to mitigate these conditions. They include the following: new management; development and marketing of new products; focus on an expanded international customer base; consolidating certain manufacturing process; process improvements within the manufacturing operations; and optimization of the organizational structure of the business. If the conditions encountered during 2004 and the first half of 2005 persist, despite execution of the strategic action plan, the valuation of this business could be negatively impacted.
- o Despite a decline in the first half of 2005, the propane business is expected to perform well for 2005 as a whole, as it returns to its more normal business cycle.

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

- o International demand for the railway track maintenance services and equipment business' products and services has been strong and is expected to remain so. Additionally, process improvements, new technologies and improved manufacturing efficiencies are expected to assist in improving margins of this business.
- o The industrial grating business is expected to sustain its continued levels of profitability for 2005.
- o Although cost inflation for steel and certain commodities has started to moderate in 2005, worldwide supply and demand for steel (which is now being actively managed by the steel mills to try to maintain current pricing) 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.
- o Due to an improving natural gas market, demand for air-cooled heat exchangers is expected to remain strong for the balance of the 2005 and stable into 2006.

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RESULTS OF OPERATIONS

(DOLLARS ARE IN MILLIONS, EXCEPT PER SHARE AND PERCENTAGES)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2005	2004	2005	2004
Revenues from continuing operations	\$ 696.1	\$ 617.6	\$ 1,336.2	\$ 1,173.9
Cost of services and products sold	526.3	467.9	1,020.0	896.9
Selling, general and administrative expenses	95.2	89.5	192.2	177.5
Other (income) expenses	(0.6)	2.0	0.8	3.6
Operating income from continuing operations	74.5	57.6	121.8	94.6
Interest Expense	10.4	10.0	20.9	20.3
Income tax expense	20.6	14.9	32.8	23.5
Net income	41.7	30.7	64.8	47.7
Diluted earnings per common share	0.99	0.74	1.54	1.15
Consolidated effective income tax rate	31.9%	31.0%	32.1%	31.0%

COMPARATIVE ANALYSIS OF CONSOLIDATED RESULTS

REVENUES

Revenues for the second quarter of 2005 increased \$78.6 million or 13% from the second quarter of 2004, to a record level for a second quarter. Revenues for the first six months of 2005 increased \$162.4 million or 14% from the first six months of 2004, to a record level for a first half. These increases were attributable to the following significant items:

CHANGES IN REVENUES - 2005 VS. 2004 (IN MILLIONS)	SECOND QUARTER	SIX MONTHS
Net increased volume, new contracts and sales price changes in the Mill Services Segment.	\$ 18.5	\$ 40.4
Net increased revenues in the Access Services Segment due principally to the strength of the international formwork business, particularly in the Middle East (second quarter and six months) and United Kingdom (second quarter only), and improving markets in North America.	19.7	36.9
Effect of positive foreign currency translation.	14.1	29.6
Net increased revenues in the railway track maintenance services and equipment business due principally to increased contract services and increased rail equipment and repair part sales.	7.2	17.1
Increased revenues of the air-cooled heat exchangers business due to improving natural gas markets.	7.3	14.7
Net increased revenues in the Gas Technologies Segment due principally to improving market conditions for certain products, partially offset by decreased sales of propane tanks (due to customers accelerating purchases in 2004 to avoid price increases).	6.8	11.3
Increased revenues of the industrial grating products business due principally to increased volume and increased prices.	2.3	6.2
Net effect of business acquisitions in the Mill Services Segment \$0.8 million (quarter and six months) and the Access Services Segment \$3.8 million (six months only).	0.8	4.6
Other (minor changes across the various units not already mentioned).	1.9	1.6
Total Change in Revenues - 2005 vs. 2004	\$ 78.6	\$ 162.4

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COST OF SERVICES AND PRODUCTS SOLD

Cost of services and products sold for the second quarter of 2005 increased \$58.4 million, or 13%, from the second quarter of 2004, in line with the 13% increase in revenues. Cost of services and products sold for the first six months of 2005 increased \$123.1 million, or 14%, from the first six months of 2004, in line with the 14% increase in revenues. These increases were attributable to the following significant items:

CHANGES IN COST OF SERVICES AND PRODUCTS SOLD - 2005 VS. 2004	SECOND QUARTER	SIX MONTHS
(IN MILLIONS)		
Increased costs due to increased revenues (exclusive of the effect of foreign currency translation and business acquisitions) including the effect of increased commodity costs and energy-related costs.	\$ 47.8	\$ 97.7
Effect of foreign currency translation.	10.8	22.8
Effect of business acquisitions in the Mill Services (second quarter and six months) and Access Services Segments (six months only).	0.7	3.5
Other (due to product mix and minor changes across the various units not already mentioned, stringent cost control, process improvements and reorganization actions).	(0.9)	(0.9)
Total Change in Cost of Services and Products Sold - 2005 vs. 2004	\$ 58.4	\$ 123.1

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative (SG&A) expenses for the second quarter of 2005 increased \$5.8 million or 6% from the second quarter of 2004, a lower rate than the 13% increase in revenues. SG&A expenses for the first six months of 2005 increased \$14.8 million or 8% from the first six months of 2004, a lower rate than the 14% increase in revenues. These lower relative percentage increases in SG&A expenses as compared with revenues were due to stringent cost controls, process improvements and reorganization actions. Additionally, a significant portion of the general and administrative costs are relatively fixed and would not normally change in direct proportion to increases or decreases in revenues. The absolute dollar increase in SG&A expenses were attributable to the following significant items:

CHANGES IN SELLING, GENERAL AND ADMINISTRATIVE EXPENSES - 2005 VS. 2004	SECOND QUARTER	SIX MONTHS
(IN MILLIONS)		
Increased compensation expense due to salary increases, increased headcount, increased payroll taxes and employee incentive plan increases due to improved performance, partially offset by decreased defined benefit pension expense.	\$ 1.2	\$ 5.1
Effect of foreign currency translation.	1.7	3.8
Increased professional fees due to higher external auditor fees (related to Sarbanes-Oxley Section 404) and increased consulting expenses.	0.2	1.7
Effect of business acquisitions - principally SGB Raffia in Australia.	-	1.2
Increased travel expenses.	0.8	1.0
Increased bad debt expense.	0.9	0.3
Decreased insurance expense.	(0.7)	(0.1)
Other (including increased energy-related costs).	1.7	1.8
Total Change in Selling, General and Administrative Expenses - 2005 vs. 2004	\$ 5.8	\$ 14.8

OTHER (INCOME) 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 2005, the Company continued its strategy to streamline operations. This strategy included the sale of certain assets related to exiting an

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underperforming Mill Services contract and headcount reductions in both administrative and operating positions. These actions resulted in net Other (income)/expense of (\$0.6) million and \$0.8 million in the second quarter and first six months of 2005, respectively, compared with net Other expense of \$2.0 million and \$3.6 million in the comparable 2004 periods. These decreases were attributable to the following significant items:

CHANGES IN OTHER (INCOME) EXPENSES - 2005 VS. 2004 (IN MILLIONS)	SECOND QUARTER	SIX MONTHS
Net increase in gains on disposals of assets and impaired asset write-downs.	\$ (3.8)	\$ (3.6)
Increase (decrease) in other expenses due to a loss on a sublease in the second quarter of 2005 and other costs associated with reorganization initiatives.	0.9	(0.1)
Increase in employee termination benefit costs.	0.4	1.0
Total Change in Other (Income) Expenses - 2005 vs. 2004	\$ (2.5)	\$ (2.7)

INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

The increase in income tax expense from continuing operations for the second quarter and first six months of 2005 of \$5.7 million or 38% and \$9.3 million or 40%, respectively, was primarily due to increased earnings from continuing operations for the reasons mentioned above. There was also an increase in the effective income tax rate relating to continuing operations from 31.0% in both the second quarter and first six months of 2004 to 31.9% and 32.1% in the second quarter and first six months of 2005, respectively. This increase in the effective income tax rate in 2005 was primarily a result of the expiration of three tax holidays; one in Europe, one in the Middle East and one in Asia.

NET INCOME AND EARNINGS PER SHARE

Net income of \$41.7 million and diluted earnings per share of \$0.99 in the second quarter of 2005 exceeded the second quarter of 2004 by \$11.0 million and \$0.25, respectively. Net income of \$64.8 million and diluted earnings per share of \$1.54 in the first six months of 2005 exceeded the first six months of 2004 by \$17.1 million and \$0.39, respectively. These increases resulted from strong demand for the Company's services and products resulting in increased revenues, stringent cost controls, process improvements and reorganization actions that contained selling, general and administrative expenses growth to a level below revenue growth; partially offset by an increased effective income tax rate.

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

Building on 2004's record cash provided by operations of \$270.5 million, the Company continued that momentum by achieving a record \$134 million in operating cash in the first half of 2005, 39% higher than the first half of 2004. That significant source of cash enabled the Company to invest \$135.8 million in capital expenditures (over one-half of which were for revenue-growth projects) and \$8.1 million in strategic acquisitions in addition to paying \$24.9 million in stockholder dividends. The Company also received \$14.5 million in cash from asset sales in the first six months of 2005, well on its way to its 2005 goal of \$20 million.

The Company's management reaffirms its previously stated strategic objectives for 2005 that include generating a record \$320 million in net cash provided by operating activities, augmented by targeted asset sales. The Company's strategy is to redeploy excess or discretionary cash in new long-term, high renewal-rate services contracts for the Mill Services business and for growth in the Access Services and railway track maintenance services businesses. The Company will also pursue sensible bolt-on acquisitions to further enhance its industrial services growth and increase Economic Value Added (EVA(R)). The Company has targeted to spend a minimum of \$140 million of discretionary cash flow for internal growth opportunities and acquisitions. The Company also plans to continue its long and consistent history of paying dividends to stockholders.

The Company's net borrowings increased \$30.9 million in the first six months of 2005 due to record capital investments of \$135.8 million. The Company plans to pay down debt to the extent possible. However, as of June 30, 2005, the Company had only approximately \$91 million of debt that can be paid prior to maturity. The balance of the debt, principally the Company's (pound)200 million notes and its \$150 million notes, cannot be paid until maturity in 2010 and 2013, respectively.

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COMMERCIAL COMMITMENTS

As of June 30, 2005, there was a decrease in the standby letters of credit and performance bonds of approximately \$94.4 million from the total \$218.3 million outstanding at December 31, 2004. This decrease was due principally to the release in January 2005 of an \$80 million surety bond and a \$9 million standby letter of credit, both related to the Company's settled Federal Excise Tax (FET) dispute, as previously reported in the Annual Report on Form 10-K for 2004.

SOURCES AND USES OF CASH

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. 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. (See "Certainty of Cash Flows" section for additional information on estimated future revenues of Mill Services contracts and order backlogs for the Company's manufacturing businesses and railway track maintenance services business). 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 based upon the requirements and seasonality of the business.

Major uses of operating cash flows and borrowed funds include payroll costs and related benefits; pension funding payments; raw material purchases for the manufacturing businesses; income tax payments; interest payments; insurance premiums and payments of self-insured casualty losses; and machinery, equipment, automobile and facility rental payments. Other primary uses of cash include capital investments, principally in the industrial services businesses; debt payments; and dividend payments. Cash will also be used for acquisitions as the appropriate opportunities arise.

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, 2005.

SUMMARY OF CREDIT FACILITIES AND COMMERCIAL PAPER PROGRAMS		AS OF JUNE 30, 2005		
(IN MILLIONS)	FACILITY LIMIT	OUTSTANDING BALANCE	AVAILABLE CREDIT	
U.S. commercial paper program	\$ 350.0	\$ 45.6	\$ 304.4	
Euro commercial paper program	120.6	19.3	101.3	
Revolving credit facility (a)	350.0	-	350.0	
Bilateral credit facility (b)	25.0	-	25.0	
TOTALS AT JUNE 30, 2005	\$ 845.6	\$ 64.9	\$ 780.7 (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.

For more information on the Company's credit facilities, see Note 6, "Debt and Credit Agreements," to the Company's Form 10-K for the year ended December 31, 2004.

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CREDIT RATINGS AND OUTLOOK - The following table summarizes the Company's debt ratings at June 30, 2005:

	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-	F2	Stable

The Company's euro-based commercial paper program has not been rated since the euro market does not require it. In July 2005, Fitch reaffirmed its A- and F2 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 ratings for the Company in November 2004 and September 2004, respectively. 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 2005	DECEMBER 31 2004	INCREASE (DECREASE)
CURRENT ASSETS			
Cash and cash equivalents	\$ 99.6	\$ 94.1	\$ 5.5
Accounts receivable, net	534.0	555.2	(21.2)
Inventories	262.9	217.0	45.9
Other current assets	59.1	58.6	0.5
Total current assets	955.6	924.9	30.7
CURRENT LIABILITIES			
Notes payable and current maturities	69.2	31.1	38.1
Accounts payable	213.0	220.3	(7.3)
Accrued compensation	53.3	63.8	(10.5)
Income taxes	47.4	40.2	7.2
Other current liabilities	233.3	223.0	10.3
Total current liabilities	616.2	578.4	37.8
WORKING CAPITAL	\$ 339.4	\$ 346.5	\$ (7.1)
CURRENT RATIO	1.6:1	1.6:1	

Working capital decreased approximately 2% in the first six months of 2005 due principally to the following factors:

- o Notes payable and current maturities increased \$38.1 million due to increased commercial paper borrowings during the first six months of 2005.
- o Accounts receivable decreased \$21.2 million due principally to lower sales and the timing of cash collections at the railway track maintenance services and equipment business for the second quarter of 2005 compared with the fourth quarter of 2004. The decrease was partially offset by increases in the North American Access Services business due mainly to higher sales in the second quarter of 2005 compared with the fourth quarter of 2004, and the timing of collections.
- o Inventories increased \$45.9 million from December 31, 2004 due to the following factors:
 - Increased work-in-process and raw materials inventories for customer orders being manufactured at the railway track maintenance services and equipment business. The orders are generally scheduled for delivery in the second half of 2005 or later;

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- Increased finished goods for the international Access Services business to meet expected demand in the third quarter of 2005; and
 - Lower than anticipated sales, accelerated steel purchases and a build-up for the fall buying season in the propane tank business.
- o Accrued compensation decreased \$10.5 million due to the payment of accrued incentive pay during the first quarter of 2005.

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 December 31, 2004, the Company's Mill Services contracts had estimated future revenues of \$3.7 billion. In addition, as of June 30, 2005, the Company had an order backlog of \$269.1 million for its manufacturing businesses and railway track maintenance services. This compares with \$243.0 million at December 31, 2004 and \$196.5 million at June 30, 2004. The increase from December 31, 2004 is due principally to new orders for heat exchangers in the Engineered Products and Services ("all other") Category and increased demand for cryogenics equipment, composite pressure vessels, propane tanks, and high pressure gas cylinders in the Gas Technologies Segment. The railway track maintenance services and equipment business backlog includes a significant portion that is long-term, which will not be realized until the second half of 2005 or later due to the long lead times necessary to build certain equipment and the long-term nature of certain service contracts. Backlog for scaffolding, shoring and forming services and for roofing granules and slag abrasives is not included in the total backlog because it is generally not quantifiable, due to the nature of the products and services provided.

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 Consolidated Statements of Cash Flows, are summarized in the following table:

(IN MILLIONS)	SIX MONTHS ENDED	
	2005	2004
Net cash provided by (used in):		
Operating activities	\$ 134.5	\$ 97.0
Investing activities	(129.4)	(101.6)
Financing activities	8.6	(1.7)
Effect of exchange rate changes on cash	(8.2)	(2.4)
Net change in cash and cash equivalents	\$ 5.5	\$ (8.7)

CASH FROM OPERATING ACTIVITIES - Net cash provided by operating activities in the first six months of 2005 was a record \$134.5 million, an increase of \$37.5 million from the first six months of 2004. The increased cash from operations was a result of the following factors:

- o Increased net income in the first six months of 2005 compared with the first six months of 2004.
- o Net receivables decreased as of June 30, 2005 compared with December 31, 2004. This was due to the timing of cash collections at the railway track maintenance services and equipment business, Mill Services business, international Access Services business and the Gas Technologies Segment.
- o Inventories increased as of June 30, 2005 compared with December 31, 2004. This was to meet scheduled shipments at the railway track maintenance services and equipment business and anticipated shipments for the international Access Services business and Gas Technologies Segment.

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- o Accrued compensation decreased as of June 30, 2005 compared with December 31, 2004. This decrease was due to incentive compensation payments and the timing of the payment of salaries and wages.

CASH USED IN INVESTING ACTIVITIES - Capital investments of \$135.8 million for the first six months of 2005 were a record for the first six months of a year. This was an increase of \$36.6 million over the first six months of 2004. Overall, in the first six months of 2005, over 50% of the investments were for projects intended to grow future revenues. Investments were made predominantly in the industrial services businesses with 54% in the Mill Services Segment and 34% in the Access Services Segment. Throughout the remainder of 2005, the Company plans to continue to invest in high-return projects and bolt-on acquisitions, principally in the industrial services businesses.

CASH USED IN FINANCING ACTIVITIES - The following table summarizes the Company's debt and capital positions at June 30, 2005 and December 31, 2004.

(DOLLARS ARE IN MILLIONS)	JUNE 30 2005	DECEMBER 31 2004
Notes Payable and Current Maturities	\$ 69.2	\$ 31.1
Long-term Debt	556.1	594.7
Total Debt	625.3	625.8
Total Equity	925.3	914.2
Total Capital	\$ 1,550.6	\$ 1,540.0
Total Debt to Total Capital	40.3%	40.6%

The Company's debt as a percent of total capital as of June 30, 2005 decreased slightly from December 31, 2004. Total equity increased due to \$64.8 million of net income in the first six months of 2005 and increases in additional paid-in capital from stock option exercises partially offset by foreign currency translation adjustments and cash dividends to stockholders.

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, 2005, the Company could increase borrowings by approximately \$762.6 million and still be within its debt covenants. Alternatively, keeping all other factors constant, the Company's equity could decrease by approximately \$450.3 million and the Company would still be within its covenants. The Company expects to be compliant with these debt covenants one year from now.

CASH AND VALUE-BASED MANAGEMENT

The Company plans to continue with its strategy of selective investing for strategic purposes for the foreseeable future. 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 2005, eight of the Company's nine divisions improved their EVA from the comparable 2004 period.

The Company is committed to continue paying dividends to stockholders. The Company has increased the dividend rate for eleven consecutive years, and in May 2005, the Company paid its 220th consecutive quarterly cash dividend. In June 2005, the Company declared its 221st consecutive quarterly cash dividend. Additionally, the Company has authorization to repurchase up to one million of its shares through January 31, 2006.

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 and acquisitions, reducing debt to the extent possible and paying cash dividends as a means to enhance stockholder value.

NEW FINANCIAL ACCOUNTING STANDARDS ISSUED

Information on new financial accounting standards issued is included in Note M, "New Financial Accounting Standards Issued," in Part I, Item 1, Financial Statements.

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 defined benefit pension plans, and global economic and political conditions.

CYCLICAL INDUSTRY AND ECONOMIC CONDITIONS MAY ADVERSELY IMPACT THE COMPANY'S BUSINESSES.

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

- o 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;
- o The Company's Access Services business may be adversely affected by slowdowns in non-residential construction and annual industrial and building maintenance cycles;
- o The railway track maintenance business may be adversely impacted by developments in the railroad industry that lead to lower capital spending or reduced maintenance spending;
- o The industrial abrasives and roofing granules business may be adversely impacted by reduced home resales or economic conditions that slow the rate of residential roof replacement, or by slowdowns in the industrial and infrastructure refurbishment industries;
- o The industrial grating business may be adversely impacted by slowdowns in non-residential construction and industrial production;
- o The Air-X-Changers business is affected by cyclical conditions present in the natural gas industry. A high demand for natural gas is currently creating a high demand for the Company's air-cooled heat exchangers. A slowdown in natural gas production could adversely affect the Air-X-Changers business, and
- o The Company's Gas Technologies business may be adversely impacted 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 COMPANY'S DEFINED BENEFIT PENSION EXPENSE IS DIRECTLY AFFECTED BY THE EQUITY AND BOND MARKETS AND A DOWNWARD TREND IN THOSE MARKETS COULD ADVERSELY IMPACT THE COMPANY'S FUTURE EARNINGS. AN UPWARD TREND IN THE EQUITY AND BOND MARKETS COULD POSITIVELY AFFECT THE COMPANY'S FUTURE EARNINGS.

In addition to the economic issues that directly affect the Company's businesses, 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 \$20.8 million for calendar year 2002 compared with 2001 and \$17.7 million for calendar year 2003 compared with 2002. The upturn in certain financial markets during 2003 and certain plan design changes (discussed below) contributed to a decrease in pre-tax defined benefit pension expense from continuing operations of approximately \$5.4 million for 2004 compared with 2003. Additionally, pre-tax defined benefit pension expense for 2005 is expected to be approximately \$5 million less than 2004. This estimate excludes the impact of any potential curtailments and will be partially offset by defined contribution pension expense. An upward trend in capital markets would likely result in a decrease in future unfunded obligations and pension expense. This could also result in an increase to Stockholders' Equity and a decrease in the Company's statutory funding requirements. If the

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financial markets deteriorate, it would most likely have a negative impact on the Company's pension expense and the accounting for pension assets and liabilities. This could result in a decrease to Stockholders' Equity and an increase in the Company's statutory funding requirements.

Changes in the related pension benefit costs may occur in the future due to changes in the assumptions and due to changes in returns on plan assets resulting from financial market conditions. Using the expense calculated for calendar year 2005 and holding all other assumptions constant, a one-half percent increase or decrease in the discount rate and the expected long-term rate of return on plan assets would increase or decrease annual 2005 pre-tax defined benefit pension expense as follows:

APPROXIMATE CHANGES IN PRE-TAX DEFINED BENEFIT

	PENSION EXPENSE	
	U.S. PLANS	U.K. PLAN
Discount rate		
One-half percent increase	Decrease of \$1.6 million	Decrease of \$5.8 million
One-half percent decrease	Increase of \$1.6 million	Increase of \$5.8 million
Expected long-term rate of return on plan assets		
One-half percent increase	Decrease of \$1.1 million	Decrease of \$2.8 million
One-half percent decrease	Increase of \$1.1 million	Increase of \$2.8 million

Although the above sensitivity analysis is based upon calculations for the 2005 defined benefit pension expense, it is expected that these changes would result in a similar impact on 2006 defined benefit pension expense.

In response to 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 40 countries, including the United States. The Company's global footprint exposes it to a variety of risks that may adversely impact results of operations, cash flows or financial position. These include the following:

- o periodic economic downturns in the countries in which the Company does business;
- o fluctuations in currency exchange rates;
- o customs matters and changes in trade policy or tariff regulations;
- o imposition of or increases in currency exchange controls and hard currency shortages;
- o changes in regulatory requirements in the countries in which the Company does business;
- o higher tax rates and potentially adverse tax consequences including restrictions on repatriating earnings, adverse tax withholding requirements and "double taxation ";
- o longer payment cycles and difficulty in collecting accounts receivable;
- o complications in complying with a variety of international laws and regulations;
- o political, economic and social instability, civil unrest and armed hostilities in the countries in which the Company does business;

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- o inflation rates in the countries in which the Company does business;
- o laws in various international jurisdictions that limit the right and ability of subsidiaries to pay dividends and remit earnings to affiliated companies unless specified conditions are met; and,
- o 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 2005, 2004 and 2003, operations in these countries contributed approximately \$15.3 million, \$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., 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 impacted by such diseases.

EXCHANGE RATE FLUCTUATIONS MAY ADVERSELY IMPACT 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 impact the Company's operating income and income from continuing operations in any given fiscal period. Approximately 60% and 59% of the Company's sales and approximately 72% and 68% of the Company's operating income from continuing operations for the six months ended June 30, 2005 and 2004, respectively, were derived from operations outside the United States. More specifically, during the six months ended June 30, 2005 and 2004, approximately 21% and 22%, respectively, of the Company's revenues were derived from operations in the U.K. Additionally, approximately 18% of the Company's revenues were derived from operations with the euro as their functional currency during both the six months ended June 30, 2005 and 2004. 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 2004, the average values of major currencies changed as follows in relation to the U.S. dollar during the first six months of 2005, impacting the Company's sales and income:

- | | |
|--------------------------|---------------------|
| o British pound sterling | Strengthened by 3% |
| o euro | Strengthened by 4% |
| o South African rand | Strengthened by 6% |
| o Brazilian real | Strengthened by 15% |
| o Australian dollar | Strengthened by 5% |

Compared with exchange rates at December 31, 2004, the values of major currencies changed as follows as of June 30, 2005:

- | | |
|--------------------------|---------------------|
| o British pound sterling | Weakened by 6% |
| o euro | Weakened by 12% |
| o South African rand | Weakened by 18% |
| o Brazilian real | Strengthened by 11% |
| o Australian dollar | Weakened by 3% |

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.

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To illustrate the effect of foreign currency exchange rate changes on the Company, in the first six months of 2005, revenues would have been approximately 2% or \$29.6 million less and operating income would have been approximately 2% or \$2.9 million less if the average exchange rates for the first six months of 2004 were utilized. In a similar comparison for the first six months of 2004, revenues would have decreased approximately 5% or \$58.7 million while operating income would have been approximately 5% or \$4.4 million less if the average exchange rates would have remained the same as the first six months of 2003.

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 \$45.8 million and \$11.7 million, at June 30, 2005 and 2004, respectively, when compared with December 31, 2004 and 2003, respectively.

The Company seeks to reduce exposures to foreign currency transaction fluctuations through the use of forward exchange contracts. At June 30, 2005, the notional amount of these contracts was \$60.8 million, and all will mature in the third and fourth quarters of 2005. 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 foreign currency 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 prices in the face of adverse currency movements. Sales of 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 reducing sales and may cause translation gains or losses due to the revaluation of foreign currency-denominated 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 increasing sales and may cause translation gains or losses due to the revaluation of accounts payable, accounts receivable and other asset and liability accounts.

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

If a downturn in the economy occurs, it may adversely impact the ability of the Company's customers to meet their obligations to the Company on a timely basis and could result in 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 impact 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 recorded amounts, the Company will be required to record a write-down in the period of determination, which will reduce net income for that period. Additionally, the risk remains that certain Mill Services customers may file for bankruptcy protection, be acquired or consolidate in the future, which could have an adverse impact on the Company's income and cash flows. Conversely, such consolidation may provide additional service opportunities for the Company.

A NEGATIVE OUTCOME ON PERSONAL INJURY CLAIMS AGAINST THE COMPANY MAY ADVERSELY IMPACT 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.

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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.

- o The Company's Mill Services business is sustained mainly through contract renewals. Historically, the Company's contract renewal rate has averaged approximately 95%. If the Company is unable to renew its contracts at the historical levels, revenue may decline.
- o The Company's Access Services business rents and sells equipment and provides erection and dismantling services to principally the non-residential construction and industrial plant maintenance markets. Contracts are awarded based upon the Company's engineering capabilities, product availability and the ability to competitively price its rentals and services. During economic cycle downturns in their home markets, certain international competitors have exported significant quantities of rental equipment to the markets the Company serves, particularly the U.S. This has caused an oversupply of certain equipment and a consequential reduction in product and rental pricing in the markets receiving the excess equipment. If the Company is unable to consistently provide high-quality products and services at competitive prices, it may lose customers or operating margins may decline due to reduced selling prices.
- o 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 practices 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 international competitors. If the Company is unable to match the prices charged by international competitors, it may lose customers.

The Company's strategy to overcome this competition includes 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. In the first six months of 2005 and 2004, energy costs have approximated 3.8% and 3.5% of the Company's revenue, respectively. To the extent that such costs cannot be passed to customers in the future, 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. Beginning in 2004, the price paid for steel and certain other commodities increased significantly compared with prior years. If steel or other material costs associated with the Company's manufactured products 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, such as carbon fiber used to manufacture filament-wound composite cylinders, could affect the Company's ability to produce manufactured products in a timely manner. If the Company cannot obtain 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 IMPACT 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 remediation 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 remediation 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.

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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 certain sites, the Company is currently conducting environmental remediation, and it is probable that the Company will agree to make payments toward funding certain other 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 Sheets at June 30, 2005 and December 31, 2004 include an accrual of \$2.5 million and \$2.7 million, respectively, for environmental matters. The amounts charged against pre-tax earnings related to environmental matters totaled \$0.5 million and \$1.0 million for the six months ended June 30, 2005 and 2004, 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 a covenant requiring a maximum debt to capital ratio of 60%. In addition, certain notes payable agreements also contain a covenant requiring a minimum net worth of \$475 million. 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, 2005, the Company was in compliance with these covenants with a debt to capital ratio of 40.3% and a net worth of \$925.3 million. The Company had \$363.9 million in outstanding indebtedness containing these covenants at June 30, 2005.

HIGHER THAN EXPECTED INSURANCE CLAIMS, FOR WHICH THE COMPANY RETAINS A PORTION OF THE RISK, COULD ADVERSELY IMPACT 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, 2005 and December 31, 2004, the Company had recorded liabilities of \$77.7 million and \$77.4 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 normally higher sales and income during the latter part of the year, as the Company's business tends to follow seasonal patterns. 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.

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HISTORICAL REVENUE PATTERNS
IN MILLIONS

	2005	2004	2003	2002	2001
First Quarter Ended March 31	\$ 640.1	\$ 556.3	\$ 487.9	\$ 458.6	\$ 505.0
Second Quarter Ended June 30	696.1	617.6	536.4	510.3	510.1
Third Quarter Ended September 30	--	617.3	530.2	510.5	510.3
Fourth Quarter Ended December 31	--	710.9	564.0	497.3	499.7
Totals	\$ --	\$ 2,502.1	\$ 2,118.5	\$ 1,976.7	\$ 2,025.2 (a)

(a)Does not total due to rounding.

HISTORICAL CASH PROVIDED BY OPERATIONS
IN MILLIONS

	2005	2004	2003	2002	2001
First Quarter Ended March 31	\$ 48.1	\$ 32.4	\$ 31.2	\$ 9.0	\$ 2.6
Second Quarter Ended June 30	86.3	64.6	59.2	71.4	65.1
Third Quarter Ended September 30	--	68.9	64.1	83.3	66.1
Fourth Quarter Ended December 31	--	104.6	108.4	90.1	106.9
Totals	\$ --	\$ 270.5	\$ 262.8 (a)	\$ 253.8	\$ 240.6 (a)

(a)Does not total due to rounding.

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

The Company's total debt as of June 30, 2005 was \$625.3 million. Of this amount, approximately 16% had variable rates of interest and 84% had fixed rates of interest. The weighted average interest rate of total debt was approximately 6.1%. At current debt levels, a one-percentage increase/decrease in variable interest rates would increase/decrease interest expense by approximately \$1.0 million per year. Should the Company require significant additional borrowings to finance growth-related acquisitions, they would be at the prevailing market interest rates which may be higher than the Company is currently paying under its commercial paper programs.

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, 2005. 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 changes in internal control over financial reporting that could materially affect, or are likely to materially affect, internal control over financial reporting during the second quarter of 2005.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c). Purchases of Equity Securities by the issuer and affiliated purchasers.

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS
January 1, 2005 - January 31, 2005	--	--	--	1,000,000
February 1, 2005 - February 28, 2005	--	--	--	1,000,000
March 1, 2005 - March 31, 2005	--	--	--	1,000,000
April 1, 2005 - April 30, 2005	--	--	--	1,000,000
May 1, 2005 - May 31, 2005	--	--	--	1,000,000
June 1, 2005 - June 30, 2005	--	--	--	1,000,000
Total	--	--	--	

The Company's share repurchase program was extended by the Board of Directors in November 2004. This was announced to the public on November 16, 2004 as part of a Company-issued press release. The program authorizes the repurchase of up to 1,000,000 shares of the Company's common stock and expires January 31, 2006.

ITEM 5. OTHER INFORMATION

DIVIDEND INFORMATION

On June 21, 2005, the Board of Directors declared a quarterly cash dividend of \$0.30 per share, payable August 15, 2005, to shareholders of record as of July 15, 2005.

10b5-1 Plan

The Chief Executive Officer (CEO) of the Company adopted in the Fourth 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 plan, the CEO will exercise, under pre-arranged terms, up to 167,500 options in open market transactions. The 167,500 options represented approximately 38% of his total option holdings at the time the trading plan was initiated. The trading plan will expire in December 2005. As of August 4, 2005, 127,500 shares have been sold under the trading plan.

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

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART II - OTHER INFORMATION

ITEM 6. 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

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 4, 2005

/S/ Salvatore D. Fazzolari

Salvatore D. Fazzolari
Senior Vice President, Chief
Financial Officer and Treasurer

DATE August 4, 2005

/S/ Stephen J. Schnoor

Stephen J. Schnoor
Vice President and Controller

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)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) 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
 - (d) 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 4, 2005

/s/ Derek C. Hathaway

Derek C. Hathaway
Chief Executive Officer

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)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) 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
 - (d) 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 4, 2005

/s/ Salvatore D. Fazzolari

Salvatore D. Fazzolari
Chief Financial Officer

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, 2005 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 4, 2005

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, 2005 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 4, 2005