FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

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ASI HOLDING CORP

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q/A

Amendment to Application or Report Filed
Pursuant to Section 12, 13 or 15(D) of the
Securities Exchange Act of 1934

ASI HOLDING CORPORATION

Commission File No. 33-23070

Amendment No. 1
to Quarterly Report on Form 10-Q
for Three Months Ended March 31, 1994

The undersigned registrant hereby amends the following item of its Quarterly Report on Form 10-Q for the three months ended March 31, 1994 (the Form 10-Q) as set forth below and in the pages attached hereto.

	Form 10-Q Item No.
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations
Page 10, line 26	"In connection with this arrangement, American Standard Inc. received $22.5 million of which $8 million was for assets transferred and $10.5 million for technologies transferred."
Amended to read:	"In connection with this arrangement, American Standard Inc. received $22.5 million of which $8 million was for assets transferred and $14.5 million an initial preferred distribution."

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

American Standard Inc. was acquired by ASI Holding Corporation, a Delaware corporation, on April 27, 1988. As a result of this acquisition, results of operations since that date include purchase price accounting adjustments and reflect a highly leveraged capital structure.

<TABLE>

SUMMARY SEGMENT DATA
(Dollars in millions)
(Unaudited)

<CAPTION>

	Three months ended March 31, 1994	Three months ended March 31, 1993
<S>	<C>	<C>
SALES:		
Air Conditioning Products	$ 520	$ 436
Plumbing Products	296	298
Transportation Products	174	145
Total sales	$ 990	$ 879
	=======	=======
OPERATING INCOME:		
Air Conditioning Products	$ 32	$ 28
Plumbing Products	38	37
Transportation Products	18	17
Total operating income	88	82
Interest expense	64	71
Corporate costs	21	21
Income (loss) before income taxes	$ 3	$ (10)
	=======	=======

</TABLE>

Results of Operations: First Quarter of 1994 Compared with First Quarter of 1993

Consolidated sales rose from $879 million in the first quarter of 1993 to $990 million in the first quarter of 1994, a gain of 13% (16% excluding the unfavorable effects of foreign exchange). Sales increases of 19% for Air Conditioning Products and 20% for Transportation Products were partly offset by a sales decrease of 1% for Plumbing Products.

Operating income in the first quarter of 1994 was $88 million compared with $82 million in the first quarter of 1993, an increase of $6 million, or 7% (11% excluding the effects of foreign exchange). Operating income improved for all three segments, with increases of 14% for Air Conditioning Products, 3% for Plumbing Products, and 6% for Transportation Products.

Results of Operations: First Quarter of 1994 Compared with First Quarter of 1993 (Continued)

Sales of Air Conditioning Products increased 19% (20% excluding the effects of foreign exchange) to $520 million in the first quarter of 1994 from $436 million in the 1993 quarter as U.S. commercial and residential new-construction and replacement markets improved. The Unitary Products Group achieved a gain of 26% because of higher volume (as a result of the improved residential and commercial markets) and a shift to newer, larger-capacity, higher-efficiency products, offset partly by the effect of lower prices for certain products due to competitive pressures. Sales of the Commercial Systems Group increased by 24% primarily because of improved markets, gains in market share, and the acquisition of several sales and service offices in the latter half of 1993. For the International Group a 12% sales increase in the Far East (primarily because of increased exports from the U.S.) was offset by a 9% sales decline for the European and Middle East operations (principally because of lower volume as a result of poor economic conditions and the unfavorable effects of foreign exchange). Excluding foreign exchange effects the decline for the European group was 6%.

Operating income of Air Conditioning Products increased 14%, from $28 million in the first quarter of 1993 to $32 million in the first quarter of 1994. This was the result of increased operating income for the Unitary Products Group because of higher sales, offset partly by declines in operating income for the other groups. Despite higher volumes, operating income for the Commercial Systems Group was slightly lower because competitive price pressures prevented recovery of increased material, labor, and other costs. The International Group also experienced an overall decrease in income as declines in operating results for the Latin American (primarily as a result of business expansion costs) and the European operations (a slightly larger loss in the 1994 quarter than in the 1993 quarter because of poor economic conditions) more than offset a gain for the Far East operations (because of higher export volumes).

Sales of Plumbing Products declined from $298 million for the first quarter of 1993 to $296 million for the first quarter of 1994, a decrease of 1% (but an increase of 4% excluding the unfavorable effects of foreign exchange). The exchange-adjusted improvement resulted from sales increases of 6% for the European Plumbing Products Group and 3% for the Far East and Americas International Groups on a combined basis. Sales of the U.S. Plumbing Products Group were flat year to year. The exchange-adjusted sales of the European group increased primarily because of volume and product-mix gains in the U.K., price and volume gains in Germany and Greece, and sales of the new Czech Republic operation; otherwise European sales changed little from the 1993 quarter, with small declines in France and Italy (primarily volume and mix), offset partly by small gains in Egypt (volume) and Bulgaria (price). In general, European sales were adversely affected by the poor economy there, but several countries showed signs of recovery. Sales increased for the Far East Group primarily because of higher prices and volumes in Thailand, China, the Philippines, and Korea. Those increases were offset by an overall sales decline for the Americas International Group primarily because of lower volumes and prices in Canada and lower prices on fixtures in Mexico. The Brazilian business showed a gain because of higher volumes and prices, and sales of the Incesa companies in Central America were flat. Sales of the U.S. Plumbing Products Group were at the same level as in the comparable 1993 quarter because gains (volume, price, and mix) in the improving U.S. domestic market were offset by a decrease in export sales to the Far East. Sales gains in the U.S. market were achieved for chinaware and acrylic products as a result of an expanded retail customer base and increased volumes of small Americast products.

Operating income of Plumbing Products was $38 million in the 1994 quarter compared with $37 million in the first quarter of 1993, an increase of 3% (10% excluding the unfavorable effects of foreign exchange). Operating income of the U.S. group rose because of the domestic sales increase and cost reductions, offset partly by a decline in operating income on export sales because of lower volume. The European group also increased its operating income on an exchange-adjusted basis, despite the lingering recession, primarily because of price and volume gains in the U.K. and Germany and income from the new Czech Republic operations. Operating income of the Far East and Americas International Groups on a combined basis decreased slightly; operations in Canada, Thailand, China, and the Incesa countries experienced declines, which were partly offset by gains for the Brazilian and Philippine companies.

Sales of Transportation Products in the 1994 quarter were $174 million, compared with $145 million in the first quarter of 1993, an increase of 20% (25% excluding the unfavorable effects of foreign exchange). Approximately half of this gain was from the sales of Perrot, a German brake manufacturer, 70% of which was acquired in January 1994, and the sales of a new wholly owned Spanish subsidiary consolidated beginning January 1994. The remainder of the gain was driven by an 18% increase in the unit volume of original-equipment sales and a 5% increase in aftermarket sales. Sales volumes were significantly higher in the U.K. (as a result of the growing automobile business in that country), in Sweden (where truck manufacturing increased 53%,) and in Brazil (where truck production increased by 15%). Sales gains were also achieved in most other countries in which this group operates.

Operating income for Transportation Products increased 6% (10% excluding foreign exchange effects) to $18 million in the first quarter of 1994 from $17 million in the first quarter of 1993 primarily because of the increased sales volume and the effect of cost reductions in manufacturing. Those favorable factors were partly offset by the effects of lower prices for original equipment (especially in Germany) and flat prices in the aftermarket, in both cases because of competitive pressures in weak markets. As a result, material and labor cost increases for the most part were not recovered. In addition, the new Perrot and Spanish operations experienced small losses.

Financial Review

The Company's financing and corporate costs for the first quarter of 1994 were $85 million, down from $92 million in the 1993 quarter. Interest expense decreased as a result of lower overall interest rates on debt issued as part of the major refinancing in 1993, while other corporate costs were essentially at the same level as in the 1993 quarter.

For the three months ended March 31, 1994, the income tax provision was $17 million despite pre-tax income of $3 million, whereas the tax provision for the first quarter of 1993 was $8 million despite a pre-tax loss of $10 million. These provisions reflected the annualized estimate of taxes payable on those foreign operations that are expected to be profitable, offset partly in the 1993 quarter by tax benefits from certain foreign net operating losses. The provision for the first quarter of 1994 was adversely affected by less favorable tax treatment with respect to certain foreign income. The unusual relationship between the pre-tax results and the tax provision for both quarters is explained by the nondeductibility for tax purposes of the amortization of goodwill and other purchase accounting adjustments and the share allocations made by the Company's ESOP as well as by tax rate differences and withholding taxes on foreign earnings.

Liquidity and Capital Resources

The Company has a highly leveraged capital structure. Net cash provided by operating activities, after cash interest paid of $15 million, was $4 million for the three months ended March 31, 1994. Utilizing this cash flow, cash on hand at December 31, 1993, and the $250 million Revolving Credit Facility (the "Revolver") available under the Company's 1993 credit agreement, the Company devoted $18 million to capital expenditures, including $8 million of investments in affiliated companies, and repaid $46 million of bank term loans. Working capital invested in operations increased by $89 million principally as a result of increased inventories and receivables following a pattern typical of first quarters in the past and expected to recur in the future.

The Company believes that the amounts available from operating cash flows, funds available under the Revolver, or potential long-term debt or equity financing sources will be sufficient to meet its expected cash needs including planned capital expenditures for the foreseeable future.

As of March 31, 1994, there was $114 million available under the Revolver after reduction for $66 million of letters of credit outstanding thereunder. In addition, the Company's foreign subsidiaries had $38 million available under overdraft facilities. These foreign facilities can be withdrawn by the banks at any time.

In April 1994 the Company took another significant step in its expansion of plumbing product operations in the People's Republic of China (the

"PRC"). Through a newly established holding company affiliate, A-S China Plumbing Products Limited ("ASPPL"), $83 million was raised in a private placement of capital shares. In conjunction therewith the Company acquired an initial ownership interest in ASPPL of approximately 27% for an investment of $30 million consisting of a contribution of the Company's 67.6% ownership interest in its plumbing fixture manufacturing company located in Guangdong Province and cash payments. With the proceeds from this offering ASPPL will expand its operations to Beijing, Tianjin, and Shanghai, providing for the PRC market a full product line of fixtures, fittings, and bathtubs (eventually through as many as ten joint venture companies). The Company's ownership interest in ASPPL is expected to increase over time through additional investments.

In May 1994 a subsidiary of the Company, Standard Compressors Inc., concluded the final arrangements for a partnership formed in December 1993 with Heatcraft Technologies Inc., a subsidiary of Heatcraft Inc., for the manufacture of compressors for use in air conditioning and refrigeration equipment. Each partner has a 50% interest in the joint venture, called Alliance Compressors, which initially will manufacture reciprocating compressors in a section of the Company's existing facility in Tyler, Texas. Construction of a new facility in Natchitoches, Louisiana, for the manufacture of scroll compressors for use in residential air conditioners is expected to begin later in 1994, with startup scheduled for late 1995. In connection with this arrangement, American Standard Inc. received $22.5 million of which $8 million was for assets transferred and $14.5 million an initial preferred distribution. It is contemplated that American Standard Inc. will receive two additional payments of $10 million each upon achieving technological and manufacturing milestones.

The Company's credit agreement contains various covenants that limit, among other things, indebtedness, dividends on and redemptions of capital stock of the Company, purchases and redemptions of other indebtedness of the Company (including its outstanding debentures and notes), rental expense, liens, capital expenditures, investments or acquisitions, disposal of assets, the use of proceeds from asset sales, and certain other business activities and require the Company to meet certain financial tests. In February 1994 the Company obtained an amendment to the credit agreement that among other things relaxed certain financial tests and covenants and facilitated the investment in the air conditioning joint venture and the formation of the plumbing affiliate in China. The Company currently believes it will comply with the amended financial tests and covenants but may have to obtain similar amendments or waivers in the future.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this amendment to be signed on its behalf by the undersigned thereunto duly authorized.

ASI HOLDING CORPORATION

By: G. Ronald Simon
(Vice President and Controller)
(also signing as Principal
Accounting Officer)

May 17 , 1994