SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarter ended: June 30, 1994

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: 0-16214

ALBANY INTERNATIONAL CORP.
(Exact name of registrant as specified in its charter)

Delaware	14-0462060
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1373 Broadway, Albany, New York	12204
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 518-445-2200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports,) and (2) has been subject to such filing requirements for the past 90 days. Yes X No

The registrant had 24,305,820 shares of Class A Common Stock and 5,653,251 shares of Class B Common Stock outstanding as of June 30, 1994.

ALBANY INTERNATIONAL CORP.

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Item 1. Financial Statements

ALBANY INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
(unaudited)

(in thousands except per share data)

Three Months Ended June 30, 1994	Three Months Ended June 30, 1993		Six Months Ended June 30, 1994	Six Months Ended June 30, 1993
$139,626	$149,628	Net sales	$271,050	$286,723
85,056	94,822	Cost of goods sold	166,286	184,467
54,570	54,806	Gross profit	104,764	102,256
40,419	42,531	Selling, technical and general expenses	79,672	83,783
-	419	Restructuring charges and termination benefits	-	419
14,151	11,856	Operating Income	25,092	18,054
4,334	4,148	Interest expense, net	7,869	8,845
(439)	10	Other (income)/expense, net	607	232
10,256	7,698	Income before income taxes	16,616	8,977
4,410	3,033	Income taxes	7,144	3,537
5,846	4,665	Income before associated companies	9,472	5,440
86	(91)	Equity in earnings/(losses) of associated companies	113	(735)
5,932	4,574	Net Income	9,585	4,705
127,312	117,998	Retained earnings, beginning of period	126,276	120,113
2,620	2,249	Less dividends	5,237	4,495
$130,624	$120,323	Retained earnings, end of period	$130,624	$120,323
$0.20	$0.17	Net income per common share	$0.32	$0.18
$0.0875	$0.0875	Dividends per common share	$0.175	$0.175
29,935,204	25,694,218	Weighted average number of shares	29,915,014	25,675,298

The accompanying notes are an integral part of the financial statements.

ALBANY INTERNATIONAL CORP.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	(unaudited) June 30, 1994	December 31, 1993
ASSETS		
Cash and cash equivalents	$227	$1,381
Accounts receivable, net	134,170	120,416
Inventories:		
Finished goods	77,687	72,763
Work in process	36,728	32,991
Raw material and supplies	23,177	18,539
	137,592	124,293
Deferred taxes and prepaid expenses	18,895	18,050
Total current assets	290,884	264,140
Property, plant and equipment, net	316,750	302,829
Investments in associated companies	1,354	10,951
Intangibles	26,769	25,558
Deferred taxes	34,598	33,640
Other assets	27,821	18,302
Total assets	$698,176	$655,420
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes and loans payable	$8,184	$8,560
Accounts payable	21,795	23,284
Accrued liabilities	51,244	55,288
Current maturities of long-term debt	1,637	2,917
Income taxes payable and deferred	3,407	7,881
Total current liabilities	86,267	97,930
Long-term debt	243,124	208,620
Other noncurrent liabilities	87,802	82,423
Deferred taxes and other credits	20,824	21,979
Total liabilities	438,017	410,952
SHAREHOLDERS' EQUITY		
Preferred stock, par value $5.00 per share; authorized 2,000,000 shares; none issued	-	-
Class A common stock, par value $.001 per share; authorized 100,000,000 shares; issued 24,544,209 in 1994 and 24,531,445 in 1993	25	25
Class B common stock, par value $.001 per share; authorized 25,000,000 shares; issued and outstanding 5,653,251 in 1994 and 5,658,515 in 1993	6	6
Additional paid in capital	170,425	170,112
Retained earnings	130,624	126,276
Translation adjustments	(35,871)	(45,758)
Pension adjustment	(1,856)	(1,856)
	263,353	248,805
Less treasury stock (Class A), at cost (238,389 shares in 1994; 307,491 shares in 1993)	3,194	4,337
Total shareholders' equity	260,159	244,468
Total liabilities and shareholders' equity	$698,176	$655,420

The accompanying notes are an integral part of the financial statements.

ALBANY INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Six Months Ended June 30, 1994	Six Months Ended June 30, 1993
OPERATING ACTIVITIES		
Net income	$ 9,585	$ 4,705
Adjustments to reconcile net cash provided by operating activities:		
Equity in (earnings)/losses of associated companies	(113)	735
Distributions received from associated companies	-	407
Depreciation and amortization	20,486	22,250
Provision for deferred income taxes, other credits and long-term liabilities	3,736	3,426
Increase in cash surrender value of life insurance, net of premiums paid	(893)	(900)
Unrealized currency transaction (gains)/losses, net	(3,021)	1,452
Loss on disposition of assets	74	419
Tax benefit of options exercised	11	-
Treasury shares contributed to ESOP	1,320	1,211
Changes in operating assets and liabilities:		
Accounts receivable	(8,300)	3,990
Inventories	(10,108)	1,897
Prepaid expenses	(815)	(114)
Accounts payable	(1,914)	(2,873)
Accrued liabilities	(6,174)	16,881
Income taxes payable	(7,071)	3,426
Other, net	(8,184)	394
Net cash (used)/provided by operating activities	(11,381)	57,306
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(17,280)	(11,730)
Proceeds from sale of assets	1,733	27,454
Acquisitions, net of cash acquired	526	(55,356)
Net cash used in investing activities	(15,021)	(39,632)
FINANCING ACTIVITIES		
Proceeds from borrowings	41,792	28,180
Principal payments on debt	(10,291)	(28,942)
Proceeds from options exercised	126	-
Dividends paid	(5,230)	(4,489)
Net cash provided/(used) in financing activities	26,397	(5,251)
Effect of exchange rate changes on cash	(1,149)	(11,622)
(Decrease)/increase in cash and cash equivalents	(1,154)	801
Cash and cash equivalents at beginning of year	1,381	4,005
Cash and cash equivalents at end of period	$ 227	$ 4,806

The accompanying notes are an integral part of the financial statements.

ALBANY INTERNATIONAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Management Opinion

In the opinion of management the accompanying unaudited consolidated financial statements contain all adjustments, consisting of only normal, recurring adjustments, necessary for a fair presentation of results for such periods. The results for any interim period are not necessarily indicative of results for the full year. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. These consolidated financial statements should be read in conjunction with financial statements and notes thereto for the year ended December 31, 1993.

2. Other (Income)/Expense, Net

Included in other (income)/expense, net for the six months ended June 30 are: currency transactions, $.5 million income in 1994 and $2.3 million income in 1993, pre-receivable sale, $.3 million income in 1994 and $1.0 million expense in 1993, amortization of debt issuance costs and loan origination fees, $.4 million in 1994 and $.5 million in 1993 and other miscellaneous (income)/expenses, none of which are significant, in 1994 and 1993.

Included in other (income)/expense, net for the three months ended June 30 are: currency transactions, $1.0 million income in 1994 and $1.5 million income in 1993, pre-receivable sale $.5 million income in 1994 and $.6 million expense in 1993, amortization of debt issuance costs and loan origination fees, $.2 million in 1994 and 1993, and other miscellaneous (income)/expenses, none of which are significant, in 1994 and 1993.

3. Earnings Per Share

Earnings per share on common stock are computed using the weighted average number of shares of Class A and Class B Common Stock outstanding during each year. Options granted under the Company's stock option plans were not dilutive at June 30, 1994 and 1993. The convertible subordinated debentures are not common stock equivalents and will not affect primary earnings per share. Further, the convertible subordinated debentures were not dilutive at June 30, 1994 and 1993.

4. Income Taxes

The Company's effective tax rate for the six months ended June 30, 1994 was 43.0% as compared to 39.4% for the same period last year and approximates the anticipated effective tax rate for the full year 1994. The increase is due principally to the accrual of net charges associated with prior years resulting from both U.S. and non-U.S. examinations.

5. Debt

The Company has an agreement under which it may sell to a financial institution up to $40 million of the Company's right to receive certain payments for goods ordered from the Company. At June 30, there were no amounts sold under this agreement as compared to $12.0 million at December 31, 1993. At December 31, 1993, this transaction had the effect of reducing long-term debt $12.0 million, reducing accounts receivable $5.4 million and increasing accrued liabilities $6.6 million.

6. Supplementary Cash Flow Information

Interest paid for the six months ended June 30, 1994 and 1993 was $7.8 million and $7.9 million, respectively.

Taxes paid for the six months ended June 30, 1994 and 1993 were $12.7 million and $.6 million, respectively.

7. Acquisition

In February 1994, the Company exchanged its 40% equity interests in Brazil and Argentina for the remaining 60% interest in Mexico. The transaction was accounted for as a purchase and, accordingly, the Company has included the results of operations in its financial statements as of January 1, 1994.

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

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 1994

The following discussion should be read in conjunction with the accompanying Consolidated Financial Statements and Notes thereto.

RESULTS OF OPERATIONS:

Net sales for the three months ended June 30, 1994 decreased $10.0 million or 6.7% compared to the same period in 1993. The stronger U.S. dollar during the quarter as compared to 1993 decreased net sales by $3.1 million. The divestiture of the Company's equipment division (AES) in mid-1993 further reduced sales by $11.2 million. Excluding these factors, net sales were 2.9% above second quarter 1993.

The sales growth rate for paper machine clothing in the United States declined in the second quarter. Canadian sales declined in U. S. dollar equivalent terms due to approximately flat sales in Canadian dollars and a weaker Canadian dollar than in the second quarter of last year. In North America, sales growth rates were also slowed by selective price concessions, mainly for customers entering into continuous supply agreements for the Company's products. Management believes that continuous supply agreements are part of a continuing effort by paper companies to reduce the number of suppliers of paper machine clothing and that this will be beneficial to Albany International shareholders. The sales growth rate remained strong in Scandinavia. In Continental Europe, orders imply that the recession is past and that gradual economic improvement can be expected over the remainder of the year which should have a positive effect on the Company's fourth quarter earnings.

Net sales decreased $15.7 million or 5.5% to $271 million for the six months ended June 30, 1994 compared with the same period in 1993. Net sales were reduced by $6.3 million from the effect of a stronger U.S dollar as compared to the first six months of 1993 and by $20. 6 million resulting from the divestiture of AES. Excluding these factors, 1994 net sales were 3.9% above 1993 net sales.

The Company continues to gain market share in Forming Fabrics and retain its Press Fabric market share. While there have not been any significant price increases in 1994, except for new products and upgrades, some of the Company's customers have increased prices, particularly in the kraft and pulp grades, and this could result in better pricing for paper machine clothing in 1995.

Gross profit continued to improve and was 39.1% of net sales for the three months ended June 30, 1994 as compared to 36.6% for the same period in 1993 bringing the six month result to 38.7% for 1994 as compared to 35.7% for 1993. Year to date variable costs as a percent of net sales decreased to 32.2% in 1994 from 34.9% in 1993. The improvement is due mainly to plant closings and workforce reductions, principally in Europe, and the divestiture of AES in June 1993. In addition, the Company's Total Quality Assurance program has resulted in improved product quality and efficiencies, both of which have contributed to lower costs.

Selling, technical and general expenses decreased 4.9% for the six months ended June 30, 1994 as compared to the six months ended June 30, 1993. Translation of non-U.S. currencies into U.S. dollars decreased reported amounts by $1.6 million due to the stronger U.S. dollar while the divestiture of AES reduced these costs by $ 6.6 million. Excluding these factors, expenses increased 5.5%. The Company has not reduced its sales and service efforts as there is increasing customer demand for service. Management anticipates that this demand will continue to increase as customers reduce the number of suppliers.

Operating income as a percent of net sales increased to 9.3% for the six months ended June 30, 1994 from 6.3% for the comparable period in 1993 and increased to 10.1% for the three months ended June 30, 1994 as compared to 7.9% for the same period last year due principally to factors described above. Management is continuing to review capacity requirements with the intention of further reducing costs and streamlining operations and anticipates that operating income as a percent of net sales should continue to improve during the rest of 1994. However, the magnitude of any improvements will depend on the rate of recovery of the European economies.

Interest expense decreased as compared to the six months ended June 30, 1993 as total debt is lower at June 30, 1994 as compared to the same period in 1993. This reduction is due principally to a 4.1 million share public offering of the Company's Class A Common Stock during the fourth quarter of 1993 which proceeds were used to repay floating rate bank debt.

The decrease in other (income)/expense, net was due to currency transactions which resulted in income of $.5 million for the six months ended June 30, 1994 as compared to income of $2.3 million for the same period in 1993 and to no pre-receivable sales in 1994 which resulted in $1.3 million less expense in 1994 as compared to 1993.

The tax rate for the six months ended June 30, 1994 is 43.0% as compared to 39.4% for the comparable period in 1993 and approximates the anticipated effective rate for the full year 1994. The rate increase is due principally to the accrual of net charges associated with prior years resulting from both U. S. and non- U. S. examinations.

During February 1994 the Company exchanged its 40% equity interests in Brazil and Argentina for the remaining 60% interest in Mexico. The transaction was accounted for as a purchase, and accordingly, the Company has included the results of operations in its financial statements as of January 1, 1994. Reported results of Mexico were not significant. The Company's only remaining equity interest is a 50% partnership in South Africa.

Reasons for changes in the results of operations for the three month period ended June 30, 1994 as compared to the corresponding period in 1993 are similar to those which affected the six month comparisons, except where specifically noted.

LIQUIDITY AND CAPITAL RESOURCES:

The weakening U. S. dollar during the first six months of 1994 and the purchase of the remaining Mexican equity interest (discussed above) increased accounts receivable by $ 11.9 million and increased inventories by $ 5.8 million. In addition, no accounts receivable were sold at June 30, 1994 as compared to $ 5.4 million sold at December 31, 1993. During the first six months of 1994, the Company implemented Continuous Supply programs with a number of paper manufacturers. These relationships require the Company to carry inventory rather than the customer and provide just in time sourcing to the customers mill. This has resulted in increased inventories and may result in additional increases in the near term but should result in more predictable requirements and lower inventory levels and increased sales in the long term. Management does not expect to see any significant reductions in inventory until the first quarter of 1995.

The Company has an agreement under which it may sell to a financial institution up to $40 million of the Company's right to receive certain payments for goods ordered from the Company. At June 30, 1994, there were no amounts sold under this agreement as compared to $12.0 million at December 31,1993. At December 31, 1993 this transaction reduced long-term debt by $12.0 million, reduced accounts receivable by $ 5.4 million and increased accrued liabilities by $ 6.6 million.

Capital expenditures for the six months ended June 30, 1994 were $17.3 million as compared to $11.7 million for the same period last year. The Company anticipates that capital expenditures for the full year will approximate $39 million. The Company will finance these expenditures with cash from operations and existing credit facilities.

Cash dividends of $.0875 per share, were paid in the first two quarters of 1994 and were related to the fourth quarter of 1993 and the first quarter of 1994. The Company also declared a cash dividend of $.0875 per share for the second quarter of 1994 which will be paid in the third quarter of this year.

Part II - Other Information

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the annual meeting of shareholders held on May 12, 1994 items subject to a vote of security holders were the election of eight directors and the election of auditors.

In the vote for the election of eight members of the Board of Directors of the Company, the number of votes cast for, and the number of votes withheld from, each of the nominees were as follows:

Nominee	Number of Votes For		Number of Votes Withheld		Broker Nonvotes	
	Class A	Class B	Class A	Class B	Class A	Class B
J. Spencer Standish	18,880,991	56,333,270	26,838	-	-	-
Francis L. McKone	18,880,991	56,333,270	26,838	-	-	-
Charles B. Buchanan	18,880,991	56,333,270	26,838	-	-	-
Paul Bancroft III	18,880,751	56,333,270	27,078	-	-	-
Thomas R. Beecher, Jr.	18,880,991	56,333,270	26,838	-	-	-
Stanley I. Landgraf	18,881,091	56,333,270	26,738	-	-	-
Allan Stenshamn	18,880,991	56,333,270	26,838	-	-	-
Barbara P. Wright	18,880,630	56,333,270	27,199	-	-	-

In the vote on the motion to appoint the firm of Coopers & Lybrand as the Company's auditor for 1994, the number of votes cast for, the number cast against, and the number of votes abstaining with respect to such resolution were as follows:

Number of Votes For		Number of Votes Against		Number of Votes Abstaining		Broker Nonvotes	
Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
18,844,830	56,333,270	22,784	-	40,215	-	-	-

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

A report on Form 8-K was filed on June 30, 1994 containing exhibits only (no items were reported).

Exhibit No.	Description
11.	Schedule of computation of primary net income per share

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.

ALBANY INTERNATIONAL CORP.

(Registrant)

Date: August 12, 1994

by /s/ Michael C. Nahl

Michael C. Nahl
Sr. Vice President and
Chief Financial Officer

ALBANY INTERNATIONAL CORP.
EXHIBIT II
SCHEDULE OF COMPUTATION OF PRIMARY NET INCOME PER SHARE

(in thousands, except per share data)

For the three months ended June 30, 1994 (1)	For the three months ended June 30, 1993 (1)		For the six months ended June 30, 1994 (1)	For the six months ended June 30, 1993 (1)
29,959,071	25,718,187	Common stock outstanding at end of period	29,959,071	25,718,187
		Adjustments to ending shares to arrive at weighted average for the period:		
(23,867)	(23,969)	Shares contributed to E.S.O.P. (2)	(40,742)	(42,889)
-	-	Shares issued under option (2)	(3,315)	-
29,935,204	25,694,218	Weighted average number of shares	29,915,014	25,675,298
$5,932	$4,574	Net income	$9,585	$4,705
$0.20	$0.17	Net income per share	$0.32	$0.18

(1) Includes Class A and Class B Common Stock

(2) Calculated as follows:
number of shares outstanding multiplied by the reciprocal of the number of days outstanding divided by the number of days in the period

SHARES CONTRIBUTED TO E.S.O.P.:		Shares
For the six months:		
January 31, 1993	13,626 * (30/181)	2,259
February 28, 1993	13,572 * (58/181)	4,349
March 31 1993	12,074 * (89/181)	5,937
April 30, 1993	12,736 * (119/181)	8,373
May 31, 1993	11,770 * (150/181)	9,754
June 30, 1993	12,285 * (180/181)	12,217
		42,889
January 31, 1994	10,831*(30/181)	1,795
February 28, 1994	11,120*(58/181)	3,564
March 31, 1994	11,090*(89/181)	5,453
April 12, 1994	56*(101/181)	31
April 30, 1994	11,683*(119/181)	7,681
May 31, 1994	11,882*(150/181)	9,847
June 30, 1994	12,440*(180/181)	12,371
		40,742
For the three months:		
April 30, 1993	12,736*(29/91)	4,059
May 31, 1993	11,770*(60/91)	7,760
June 30, 1993	12,285*(90/91)	12,150

		23,969

April 12, 1994	56*(11/91)	7
April 30, 1994	11,683*(29/91)	3,723
May 31, 1994	11,882*(60/91)	7,834
June 30, 1994	12,440*(90/91)	12,303

		23,867

ALBANY INTERNATIONAL CORP.
EXHIBIT II
SCHEDULE OF COMPUTATION OF PRIMARY NET INCOME PER SHARE

(in thousands, except per share data)

SHARES ISSUED UNDER OPTION:

For the six months:		Shares
March 22, 1994	7,500*(80/181)	3,315