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: September 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 24,344,566 shares of Class A Common Stock and 5,653,251 shares of Class B Common Stock outstanding as of September 30, 1994.

SIGNATURES

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

ALBANY INTERNATIONAL CORP.

(Registrant)

Date: November 7, 1994

by /s/ Michael C. Nahl

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

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 September 30, 1994	Three Months Ended September 30, 1993		Nine Months Ended September 30, 1994	Nine Months Ended September 30, 1993
$145,144	$125,566	Net sales	$416,194	$412,289
87,353	78,776	Cost of goods sold	253,639	263,243
57,791	46,790	Gross profit	162,555	149,046
42,850	36,253	Selling, technical and general expenses	122,522	120,036
-	-	Restructuring charges and termination benefits	-	419
14,941	10,537	Operating Income	40,033	28,591
4,445	3,991	Interest expense, net	12,314	12,836
123	(391)	Other expense/(income), net	730	(159)
10,373	6,937	Income before income taxes	26,989	15,914
4,461	2,733	Income taxes	11,605	6,270
5,912	4,204	Income before associated companies	15,384	9,644
72	219	Equity in earnings/(losses) of associated companies	185	(516)
5,984	4,423	Net Income	15,569	9,128
130,624	120,323	Retained earnings, beginning of period	126,276	120,113
2,624	2,252	Less dividends	7,861	6,747
$133,984	$122,494	Retained earnings, end of period	$133,984	$122,494
$0.20	$0.18	Net income per common share	$0.52	$0.36
$0.0875	$0.0875	Dividends per common share	$0.2625	$0.2625
29,972,230	25,728,457	Weighted average number of shares	29,934,296	25,693,212

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

ALBANY INTERNATIONAL CORP.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	(unaudited) September 30, 1994	December 31, 1993
ASSETS		
Cash and cash equivalents	$2,673	$1,381
Accounts receivable, net	145,711	120,416
Inventories:		
Finished goods	76,465	72,763
Work in process	36,797	32,991
Raw material and supplies	25,139	18,539
	138,401	124,293
Deferred taxes and prepaid expenses	18,008	18,050
Total current assets	304,793	264,140
Property, plant and equipment, net	324,399	302,829
Investments in associated companies	1,425	10,951
Intangibles	26,952	25,558
Deferred taxes	29,815	33,640
Other assets	27,809	18,302
Total assets	$715,193	$655,420
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes and loans payable	$10,242	$8,560
Accounts payable	20,957	23,284
Accrued liabilities	57,318	55,288
Current maturities of long-term debt	984	2,917
Income taxes payable and deferred	4,670	7,881
Total current liabilities	94,171	97,930
Long-term debt	252,071	208,620
Other noncurrent liabilities	84,471	82,423
Deferred taxes and other credits	15,414	21,979
Total liabilities	446,127	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	170,457	170,112
Retained earnings	133,984	126,276
Translation adjustments	(30,998)	(45,758)
Pension adjustment	(1,856)	(1,856)
	271,618	248,805
Less treasury stock (Class A), at cost (199,643 shares in 1994; 307,491 shares in 1993)	2,552	4,337
Total shareholders' equity	269,066	244,468
Total liabilities and shareholders' equity	$715,193	$655,420

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

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

	Nine Months Ended September 30, 1994	1993
OPERATING ACTIVITIES		
Net income	$15,569	$9,128
Adjustments to reconcile net cash provided by operating activities:		
Equity in (earnings)/losses of associated companies	(185)	516
Distributions received from associated companies	-	407
Depreciation and amortization	30,433	34,460
Provision for deferred income taxes, other credits and long-term liabilities	(3,881)	(4,177)
Increase in cash surrender value of life insurance, net of premiums paid	(1,343)	(152)
Unrealized currency transaction losses/(gains), net	3,648	(261)
Loss on disposition of assets	77	(2,991)
Tax benefit of options exercised	11	-
Treasury shares contributed to ESOP	1,994	1,772
Changes in operating assets and liabilities:		
Accounts receivable	(26,510)	13,681
Inventories	(10,917)	(268)
Prepaid expenses	782	(1,455)
Accounts payable	(2,753)	(3,234)
Accrued liabilities	(119)	8,691
Income taxes payable	(3,591)	859
Other, net	(7,886)	(1,518)
Net cash (used)/provided by operating activities	(4,671)	55,458
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(30,276)	(19,996)
Proceeds from sale of assets	1,670	27,553
Acquisitions, net of cash acquired	526	(55,356)
Premiums paid for life insurance	-	(1,198)
Net cash used in investing activities	(28,080)	(48,997)
FINANCING ACTIVITIES		
Proceeds from borrowings	51,236	32,894
Principal payments on debt	(10,721)	(30,802)
Proceeds from options exercised	126	-
Dividends paid	(7,842)	(6,738)
Net cash provided/(used) in financing activities	32,799	(4,646)
Effect of exchange rate changes on cash	1,244	(588)
Increase in cash and cash equivalents	1,292	1,227
Cash and cash equivalents at beginning of year	1,381	4,005
Cash and cash equivalents at end of period	$2,673	$5,232

The accompanying notes are an integral part of the 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 Expense/(Income), Net

Included in other expense/(income), net for the nine months ended September 30 are: currency transactions, $.2 million income in 1994 and $3.5 million income in 1993, pre-receivable sale, $.2 million income in 1994 and $1.4 million expense in 1993, amortization of debt issuance costs and loan origination fees, $.8 million in 1994 and $.6 million in 1993, interest rate protection agreements, $.6 million income in 1994 and $.1 million expense in 1993 and other miscellaneous expenses/(income), none of which are significant, in 1994 and 1993.

Included in other expense/(income), net for the three months ended September 30 are: currency transactions, $1.1 million income in 1993, pre-receivable sale $.4 million expense in 1993, amortization of debt issuance costs and loan origination fees, $.2 million in 1994 and $.1 million in 1993, interest rate protection agreements, $.3 million income in 1994 and other miscellaneous expenses/(income), 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 September 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 September 30, 1994 and 1993.

4. Income Taxes

The Company's effective tax rate for the nine months ended September 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 September 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 nine months ended September 30, 1994 and 1993 was $14.4 million and $11.9 million, respectively.

Taxes paid for the nine months ended September 30, 1994 and 1993 were $17.9 million and $2.0 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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 1994 increased $19.5 million or 15.6% compared to the same period in 1993. The weaker U.S. dollar during the quarter as compared to 1993 increased net sales by $4.2 million. Excluding this effect, net sales were 12.2% above third quarter 1993.

The third quarter sales growth rate remained strong in the Nordic region and sales in Continental Europe began improving for the first time in this economic cycle. Canadian sales increased due principally to improved economic and paper industry operating conditions. Sales in North America increased even though selective price concessions for customers entering into Continuous Supply agreements for the Company's products tended to reduce net selling prices. Management believes that Continuous Supply agreements are part of an effort by paper companies to reduce the number of suppliers of paper machine clothing and that this ultimately will be beneficial to Albany International shareholders.

Net sales increased $3.9 million or .9% for the nine months ended September 30, 1994 compared with the same period in 1993. Net sales were reduced by $2.1 million from the effect of a stronger U.S. dollar as compared to the first nine months of 1993 and by $20.5 million resulting from the divestiture of the Company's equipment division (AES) in mid-1993. Excluding these factors, net sales for the nine months were 6.8% above 1993. In comparison, 1994 net sales increased 3.9% in the first half of 1994 and 12.2% in the third quarter of 1994 as compared to the same period last year.

The Company continues to gain market share in Forming Fabrics and Dryer Fabrics and to 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 39.8% of net sales for the three months ended September 30, 1994 as compared to 37.3% for the same period in 1993 increasing the nine month result to 39.1% for 1994 as compared to 36.2% for 1993. Year to date variable costs as a percent of net sales decreased to 32.7% in 1994 from 34.4% 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 increased $6.6 million or 18.5% for the three months ended September 30, 1994 as compared to the same period last year. Included in this amount were temporary increases associated with the development of a new Press Fabric product and consulting fees associated with the Company's restructuring efforts. In addition, exchange losses on trade receivables, principally in Europe, added to the increased costs. The Company anticipates some impact from the above items during the fourth quarter but to a much lesser degree.

Selling, technical and general expenses increased 2.1% for the nine months ended September 30, 1994 as compared to the nine months ended September 30, 1993. Translation of non-U.S. currencies into U.S. dollars decreased reported amounts by $.8 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 8.8%. 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 9.6% for the nine months ended September 30, 1994 from 6.9% for the comparable period in 1993 and increased to 10.3% for the three months ended September 30, 1994 as compared to 8.4% 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 and into 1995.

The decrease in other expense/(income), net was due to currency transactions which resulted in $3.3 million less income for the nine months ended September 30, 1994 as compared to the same period in 1993, no pre-receivable sales in 1994 which resulted in $1.6 million less expense in 1994 as compared to 1993 and interest rate protection income of $.6 million in 1994 as compared to $.1 million expense in 1993.

The tax rate for the nine months ended September 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 September 30, 1994 as compared to the corresponding period in 1993 are similar to those which affected the nine month comparisons, except where specifically noted.

LIQUIDITY AND CAPITAL RESOURCES:

The weakening U. S. dollar during the first nine months of 1994 and the purchase of the remaining Mexican equity interest (discussed above) increased accounts receivable by $8.7 million and increased inventories by $7.5 million. In addition, no accounts receivable were sold at September 30, 1994 as compared to $ 5.4 million sold at December 31, 1993. A significant portion of the increase in accounts receivable resulted from sales in September. During 1994, the Company implemented Continuous Supply programs with a number of paper manufacturers. These relationships require the Company rather than the customer to carry inventory 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 September 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.

Total debt at September 30, 1994 is $263.3 million as compared to $220.1 million at December 31, 1993. The increase is due primarily to the increase in accounts receivable and inventories which total $39.4 million. Management does not anticipate any significant reductions in working capital requirements in the short term.

Capital expenditures for the nine months ended September 30, 1994 were $30.3 million as compared to $20.0 million for the same period last year. The Company anticipates that capital expenditures for the full year will be $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 three quarters of 1994 and were related to the fourth quarter of 1993 and the first two quarters of 1994. The Company also declared a cash dividend of $.0875 per share for the third quarter of 1994 which will be paid in the fourth quarter of this year.

Part II - Other Information

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the quarter ended September 30, 1994.

EXHIBIT NO.	DESCRIPTION
11.	Schedule of computation of primary net income per share

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 September 30, 1994 (1)	For the three months ended September 30, 1993 (1)		For the nine months ended September 30, 1994 (1)	For the nine months ended September 30, 1993 (1)
29,997,817	25,749,095	Common stock outstanding at end of period	29,997,817	25,749,095
		Adjustments to ending shares to arrive at weighted average for the period:		
(25,587)	(20,638)	Shares contributed to E.S.O.P. (2)	(61,323)	(55,883)
-	-	Shares issued under option (2)	(2,198)	-
29,972,230	25,728,457	Weighted average number of shares	29,934,296	25,693,212
$5,984	$4,423	Net income	$15,569	$9,128
$0.20	$0.18	Net income per share	$0.52	$0.36

(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 nine months:		
January 31, 1993	13,626 * (30/273)	1,498
February 28, 1993	13,572 * (58/273)	2,883
March 31 1993	12,074 * (89/273)	3,936
April 30, 1993	12,736 * (119/273)	5,552
May 31, 1993	11,770 * (150/273)	6,467
June 30, 1993	12,285 * (180/273)	8,100
July 31, 1993	10,209 * (211/273)	7,890
August 31, 1993	9,706 * (242/273)	8,604
September 30, 1993	10,993 * (272/273)	10,953
		55,883
January 31, 1994	10,831 * (30/273)	1,190
February 28, 1994	11,120 * (58/273)	2,362
March 31, 1994	11,090 * (89/273)	3,615
April 12, 1994	56 * (101/273)	21
April 30, 1994	11,683 * (119/273)	5,093
May 31, 1994	11,882 * (150/273)	6,529
June 30, 1994	12,440 * (180/273)	8,202
July 31, 1994	12,977 * (211/273)	10,030
August 31, 1994	12,679 * (242/273)	11,239
September 30, 1994	13,090 * (272/273)	13,042
		61,323

For the three months:

July 31, 1993	10,209 * (30/92)	3,329
August 31, 1993	9,706 * (61/92)	6,436
September 30, 1993	10,993 * (91/92)	10,873

		20,638

July 31, 1994	12,977 * (30/92)	4,232
August 31, 1994	12,679 * (61/92)	8,407
September 30, 1994	13,090 * (91/92)	12,948

		25,587

SHARES ISSUED UNDER OPTION:		Shares

For the nine months:		
March 22, 1994	7,500 * (80/273)	2,198

