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: March 31, 1998

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 24,343,705 shares of Class A Common Stock and 5,615,563 shares of Class B Common Stock outstanding as of March 31, 1998.

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 March 31, 1998	Three Months Ended March 31, 1997
Net sales	$176,156	$171,820
Cost of goods sold	101,344	100,005
Gross profit	74,812	71,815
Selling, technical and general expenses	51,231	49,493
Operating income	23,581	22,322
Interest expense, net	4,418	3,888
Other expense, net	1,124	583
Income before income taxes	18,039	17,851
Income taxes	7,035	6,961
Income before associated companies	11,004	10,890
Equity in earnings/(losses) of associated companies	50	(7)
Net income	11,054	10,883
Retained earnings, beginning of period	246,013	209,875
Less dividends	3,140	3,209
Retained earnings, end of period	$253,927	$217,549
Net income per share	$0.37	$0.36
Diluted net income per share	$0.36	$0.35
Dividends per common share	$0.105	$0.105
Weighted average number of shares	30,070,783	30,546,690

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

ALBANY INTERNATIONAL CORP.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	(unaudited) March 31, 1998	December 31, 1997
ASSETS		
Cash and cash equivalents	$13,751	$2,546
Accounts receivable, net	170,846	171,886
Inventories:		
Finished goods	112,355	106,259
Work in process	41,605	38,904
Raw material and supplies	35,924	35,288
	189,884	180,451
Deferred taxes and prepaid expenses	19,339	18,440
Total current assets	393,820	373,323
Property, plant and equipment, net	328,068	321,611
Investments in associated companies	4,464	2,444
Intangibles	49,479	36,080
Deferred taxes	22,962	22,826
Other assets	40,090	40,613
Total assets	$838,883	$796,897
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes and loans payable	$59,722	$76,095
Accounts payable	25,656	25,786
Accrued liabilities	54,936	56,743
Current maturities of long-term debt	2,096	1,703
Income taxes payable and deferred	15,147	10,113
Total current liabilities	157,557	170,440
Long-term debt	233,695	173,654
Other noncurrent liabilities	77,542	74,075
Deferred taxes and other credits	34,117	35,620
Total liabilities	502,911	453,789
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 25,416,013 in 1998 and 25,375,413 in 1997	25	25
Class B Common Stock, par value $.001 per share; authorized 25,000,000 shares; issued and outstanding 5,615,563 in 1998 and 1997	6	6
Additional paid in capital	188,590	187,831
Retained earnings	253,927	246,013
Translation adjustments (accumulated other comprehensive income)	(83,271)	(84,351)
	359,277	349,524
Less treasury stock (Class A), at cost (1,072,308 shares in 1998; 280,680 shares in 1997)	23,305	6,416
Total shareholders' equity	335,972	343,108
Total liabilities and shareholders' equity	$838,883	$796,897

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

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

	Three Months Ended March 31, 1998	1997
OPERATING ACTIVITIES		
Net income	$11,054	$10,883
Adjustments to reconcile net cash provided by operating activities:		
Equity in (earnings)/losses of associated companies	(50)	7
Depreciation and amortization	12,231	11,253
Provision for deferred income taxes, other credits and long-term liabilities	1,352	3,337
Increase in cash surrender value of life insurance, net of premiums paid	(551)	(516)
Unrealized currency transaction (gains)/losses	(204)	500
Gain on disposition of assets	(8)	(17)
Shares contributed to ESOP	1,500	1,896
Changes in operating assets and liabilities:		
Accounts receivable	3,659	6,812
Inventories	(6,114)	(2,577)
Prepaid expenses	(896)	84
Accounts payable	(745)	(330)
Accrued liabilities	(3,301)	(6,905)
Income taxes payable	4,988	(1,904)
Other, net	691	(941)
Net cash provided by operating activities	23,606	21,582
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(9,920)	(11,170)
Purchased software	(213)	(291)
Proceeds from sale of assets	58	72
Acquisitions, net of cash acquired	(16,217)	-
Investment in associated companies	(2,025)	-
Net cash used in investing activities	(28,317)	(11,389)
FINANCING ACTIVITIES		
Proceeds from borrowings	57,002	26,923
Principal payments on debt	(20,140)	(29,607)
Proceeds from options exercised	705	2,382
Tax benefit of options exercised	62	444
Purchases of treasury shares	(18,396)	(1,332)
Dividends paid	(3,241)	(3,045)
Net cash provided/(used) in financing activities	15,992	(4,235)
Effect of exchange rate changes on cash flows	(76)	(6,964)
Increase/(decrease) in cash and cash equivalents	11,205	(1,006)
Cash and cash equivalents at beginning of year	2,546	8,034
Cash and cash equivalents at end of period	$13,751	$7,028

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, 1997.

2. Accounting for Derivatives

Gains or losses on forward exchange contracts that function as an economic hedge against currency fluctuation effects on future revenue streams are recorded in "Other expense, net".

Gains or losses on forward exchange contracts that are designated a hedge of a foreign operation's net assets and/or long-term intercompany loans are recorded in "Translation adjustments", a separate component of shareholders' equity. These contracts reduce the risk of currency exposure on foreign currency net assets and do not exceed the foreign currency amount being hedged. To the extent the above criteria are not met, or the related assets are sold, extinguished, or terminated, activity associated with such hedges is recorded in "Other expense, net".

All open positions on forward exchange contracts are valued at fair value using the estimated forward rate of a matching contract.

Gains or losses on futures contracts are recorded in "Other expense, net". Open positions are valued at fair value using quoted market rates.

3. Other Expense, Net

Included in other expense, net are: currency transactions, $0.4 million income in 1998 and 1997; amortization of debt issuance costs and loan origination fees, $0.2 million in 1998 and 1997; interest rate protection agreements, $0.2 million income in 1997 and other miscellaneous expenses, none of which are significant, in 1998 and 1997.

4. Earnings Per Share

In accordance with Financial Accounting Standard No. 128, "Earnings Per Share", net income per share is computed using the weighted average number of shares of Class A and Class B Common Stock outstanding during the period. Diluted net income per share includes the effect of all potentially dilutive securities.

The amounts used in computing earnings per share, including the effect on income and the weighted average number of shares of potentially dilutive securities, are as follows for the three months ended March 31, 1998 and 1997:

(in thousands)	1998	1997
Income available to common stockholders:		
Income available to common stockholders (No adjustments needed for dilutive securities)	$11,054	$10,883
Weighted average number of shares:		
Weighted average number of shares used in net income per share	30,071	30,547
Effect of dilutive securities:		
Stock options	398	365
Weighted average number of shares used in diluted net income per share	30,469	30,912

Options to purchase 250,000 shares of common stock at $25.5625 per share were outstanding at March 31, 1998 but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares.

5. Comprehensive Income

Total comprehensive income for the three months ended March 31, 1998 and 1997 consists of:

(in thousands)	1998	1997
Net income	$11,054	$10,883
Other comprehensive income/(loss), before tax:		
Foreign currency translation adjustments	1,080	(16,459)
Income tax related to items of other comprehensive income/(loss)	-	-
Total comprehensive income/(loss)	$12,134	$(5,576)

6. Income Taxes

The Company's effective tax rate for the three months ended March 31, 1998 and 1997 was 39% and approximates the anticipated effective tax rate for the full year 1998.

7. Supplementary Cash Flow Information

Interest paid for the three months ended March 31, 1998 and 1997 was $4.2 million and $3.6 million, respectively.

Taxes paid for the three months ended March 31, 1998 and 1997 was $2.2 million and $3.3 million, respectively.

8. Acquisitions

In January 1998, the Company acquired substantially all of the assets of Burwell Door Systems located in Sydney, Australia for approximately $3.4 million.

In March 1998, the Company purchased all of the outstanding capital stock of Techniweave, Inc., a specialty fabricator of high performance textiles and composites. The purchase price was approximately $8.9 million with $3.3 million paid at closing and $5.6 million deferred for up to 10 years.

In March 1998, the Company purchased all of the outstanding capital stock of Metco Form Oy, a Finnish supplier of forming fabrics and other engineered fabrics for pulp mills and other chemical process industries. The purchase price was approximately $10.9 million.

All of the above acquisitions were accounted for as purchases and, accordingly, the Company included in its financial statements the results of operations of the acquired entities as of the respective acquisition dates.

In March 1998, the Company purchased a 50% interest in SARA (Loading Bay Specialists, Ltd.), a distributor of high performance industrial doors located in England for approximately $2.0 million. This investment is being accounted for on an equity basis and is included in "Investments in Associated Companies".

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

For the Three Months Ended March 31, 1998

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

RESULTS OF OPERATIONS:

Net sales increased to $176.2 million for the three months ended March 31, 1998 as compared to $171.8 million for the three months ended March 31, 1997. The effect of the stronger U.S. dollar as compared to the first quarter of 1997 was to decrease net sales by $7.6 million. Excluding this effect, 1998 net sales increased 6.9% as compared to 1997. Acquisitions made in the first quarter of 1998, as discussed below, added $1.3 million to 1998 net sales.

Geographically, net sales for the three months ended March 31, 1998, as compared to the same period in 1997, increased in the United States and decreased in Canada. Net sales in Canada were impacted by the effect of the stronger U.S. dollar and a weather related shutdown that closed manufacturing operations for about two weeks in January 1998. Asian sales were lower in 1998, as compared to 1997. European sales were strong in local currencies and increased 1.8% in U.S. dollars.

Gross profit was 42.5% of net sales for the three months ended March 31, 1998 as compared to 41.8% for the three months ended March 31, 1997. Year to date variable costs as a percent of net sales decreased to 33.2% in 1998 from 33.6% for the same period in 1997. Excluding the effect of the stronger U.S. dollar, 1998 acquisitions and the start-up of the Company's new Korean plant, as discussed below, variable costs as a percent of net sales were 32.6% in 1998.

Selling, technical, general and research expenses increased 2.7%, excluding 1998 acquisitions and the new Korean plant, for the three months ended March 31, 1998 as compared to the three months ended March 31, 1997. Excluding the additional effect of translation of non-U.S. currencies into fewer U.S. dollars, these expenses increased 6.3% as compared to 1997. This increase was principally due to higher wages and benefit costs and foreign currency losses recorded by the Company's non-U.S. operations.

Operating income as a percentage of net sales increased to 13.4% for the three months ended March 31, 1998 from 13.0% for the comparable period in 1997 due to items discussed above. Excluding the effect of the stronger U.S. dollar, 1998 acquisitions and the new Korean plant, operating income as a percentage of net sales was 14.1% in 1998.

Interest expense increased $0.5 million for the three months ended March 31, 1998 as compared to the same period in 1997. This increase was mostly due to higher total debt during 1998 as a result of acquisitions and the Company's purchase of 1,154,400 shares of its own stock since November 1997.

The tax rate for the three months ended March 31, 1998 and 1997 was 39.0% and approximates the anticipated effective rate for the full year 1998.

In late 1997, the Company finished the construction of a new paper machine clothing plant located in Chungju, South Korea for a total cost of approximately $22 million. The first shipments to customers were made in February 1998.

In January 1998, the Company acquired substantially all of the assets of Burwell Door Systems located in Sydney, Australia for approximately $3.4 million.

In March 1998, the Company purchased all of the outstanding capital stock of Techniweave, Inc., a specialty fabricator of high performance textiles and composites. The purchase price was approximately $8.9 million with $3.3 million paid at closing and $5.6 million deferred for up to 10 years.

In March 1998, the Company purchased all of the outstanding capital stock of Metco Form Oy, a Finnish supplier of forming fabrics and other engineered fabrics for pulp mills and other chemical process industries. The purchase price was approximately $10.9 million.

All of the above acquisitions were accounted for as purchases and, accordingly, the Company included in its financial statements the results of operations of the acquired entities as of the respective acquisition dates. Management does not expect these acquisitions to have a significant impact on 1998 operating results.

In March 1998, the Company purchased a 50% interest in SARA (Loading Bay Specialists, Ltd.), a distributor of high performance industrial doors located in England for approximately $2.0 million. This investment is being accounted for on an equity basis and is included in "Investments in Associated Companies".

LIQUIDITY AND CAPITAL RESOURCES:

Accounts receivable decreased $1.0 million since December 31, 1997. Excluding the effect of the stronger U.S. dollar ,the 1998 acquisitions and the new Korean plant, accounts receivable decreased $4.2 million. Inventories increased $9.4 million during the three months ended March 31, 1998. Excluding the factors noted above, inventories increased $4.6 million.

The Company's current debt structure, which is mostly floating-rate, provides approximately $160 million in committed and available unused debt capacity with financial institutions. Management believes that this debt capacity, in combination with informal commitments and expected free cash flows, should be sufficient to meet operating requirements and for business opportunities and most acquisitions which support corporate strategies.

Capital expenditures for the three months ended March 31, 1998, including leases to the extent they are required to be capitalized, were $9.9 million as compared to $11.2 million for the same period last year. The Company anticipates that capital expenditures, including leases, will be approximately $45 million for the full year and will continue to finance these expenditures with cash from operations and existing credit facilities.

A cash dividend of $.105 per share, which was declared for the fourth quarter of 1997, was paid in the first quarter of 1998. The Company also declared a cash dividend of $.105 per share for the first quarter of 1998, which will be paid in the second quarter of this year. In February 1998, the Board of Directors announced its intention to pay future dividends in the Company's Common Stock.

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 March 31, 1998.

Exhibit No.	Description
11.	Schedule of computation of net income per share and diluted net income per share
27.	Financial data schedule

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: May 5, 1998

by /s/Michael C. Nahl

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

ALBANY INTERNATIONAL CORP.
EXHIBIT 11
SCHEDULE OF COMPUTATION OF NET INCOME PER SHARE AND DILUTED NET INCOME PER SHARE

(in thousands, except per share data)

NET INCOME PER SHARE:

	For the three months ended March 31, 1998 (1)	1997 (1)
Common stock outstanding at end of period	29,959,268	30,639,026
Adjustments to ending shares to arrive at weighted average for the period:		
Shares contributed to E.S.O.P. (2)	(40,826)	(53,868)
Shares issued under option or to Directors(2)	(34,701)	(55,079)
Treasury shares purchased (2)	187,042	16,611
Weighted average number of shares	30,070,783	30,546,690
Net income	$11,054	$10,883
Net income per share	$0.37	$0.36

(1) Includes Class A and Class B Common Stock

(2) Calculated as follows:
number of shares multiplied by the reciprocal of the number of days outstanding (or the reciprocal of the number of days held in treasury for treasury stock purchases) divided by the number of days in the period

ADJUSTMENTS TO ENDING SHARES:

	Number of days Three months
1997	90
1998	90

Reciprocal days Three months	1997	Shares	Shares adjustment Three months
	Shares Contributed to ESOP:		
30	31-Jan-97	12,002	4,001
58	28-Feb-97	58,773	37,876
89	31-Mar-97	12,126	11,991
	Total		53,868
	Shares Issued Under Option or to Directors:		
1	02-Jan-97	200	2
2	03-Jan-97	3,600	80
5	06-Jan-97	10,000	556
6	07-Jan-97	900	60
7	08-Jan-97	5,000	389
29	30-Jan-97	37,300	12,019
33	03-Feb-97	20,000	7,333
37	07-Feb-97	5,000	2,056
42	12-Feb-97	27,000	12,600
43	13-Feb-97	1,400	669
44	14-Feb-97	28,600	13,982
48	18-Feb-97	10,000	5,333
	Total		55,079
	Treasury Shares Purchased:		
26	27-Jan-97	57,500	16,611

ALBANY INTERNATIONAL CORP.
EXHIBIT 11
SCHEDULE OF COMPUTATION OF NET INCOME PER SHARE AND DILUTED NET INCOME PER SHARE

(in thousands, except per share data)

	1998		
	Shares Contributed to ESOP:		
30	31-Jan-98	12,783	4,260
58	28-Feb-98	41,378	26,666
89	31-Mar-98	10,011	9,900
	Total		40,826
	Shares Issued Under Option or to Directors:		
14	15-Jan-98	2,500	389
71	13-Mar-98	600	473
76	18-Mar-98	20,000	16,889
85	27-Mar-98	8,000	7,556
89	31-Mar-98	9,500	9,394
	Total		34,701
	Treasury Shares Purchased:		
8	09-Jan-98	5,000	444
15	16-Jan-98	411,100	68,517
22	23-Jan-98	400,000	97,778
29	30-Jan-98	13,700	4,414
55	25-Feb-98	26,000	15,889
	Total		187,042

DILUTED NET INCOME PER SHARE:

	For the three months ended March 31, 1998	1997
Weighted average number of shares	30,070,783	30,546,690
Incremental shares of unexercised options (3)	397,672	365,048
Adjusted weighted average number of shares	30,468,455	30,911,738
Net income	$11,054	$10,883
Diluted net income per share	$0.36	$0.35

(3) Incremental shares of unexercised options are calculated based on the average price of the Company's stock for the respective period. The calculation includes all options that are dilutive to earnings per share.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM ALBANY INTERNATIONAL CORP'S CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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DEC-31-1998
MAR-31-1998
13,751
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175,841
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189,884
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838,883
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31
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176,156
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11,054
0.37
0.36