

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 nine months ended May 31, 1995

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 0-261.

ALICO, INC.
 (Exact name of registrant as specified in its charter)

Florida 59-0906081
 (State or other jurisdiction of (I.R.S. Employer
 incorporation of organization) Identification No.)

P. O. Box 338, La Belle, FL 33935
 (Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 813/675-2966

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

There were 7,027,827 shares of common stock, par value \$1.00 per share, outstanding at July 14, 1995.

<TABLE>
 <CAPTION>

FORM 10-Q

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ALICO, INC. AND SUBSIDIARY
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
 (See Accountants' Review Report)

	(Unaudited)		(Unaudited)	
	Three Months Ended May 31, 1995	May 31, 1994	Nine Months Ended May 31, 1995	May 31, 1994
<S>	<C>	<C>	<C>	<C>
Revenue:				
Citrus	\$ 6,104,297	\$ 5,003,313	\$16,354,582	\$16,079,635
Sugarcane	847,565	1,102,100	5,870,393	6,650,841
Ranch	1,209,980	1,356,222	2,150,968	3,310,253
Rock products and sand	222,144	324,518	712,832	829,436
Oil lease and land rentals	329,898	307,029	500,659	469,495
Forest products	39,040	52,662	92,982	103,632
Profit on sales of real estate	60,905	4,065,524	97,129	4,225,789
Interest and investment income	238,342	192,756	758,720	789,492
Other	12,529	11,967	58,912	57,058
Total revenue	9,064,700	12,416,091	26,597,177	32,515,631
Cost and expenses:				
Citrus production, harvesting and marketing	4,633,091	3,798,896	12,927,855	12,080,450
Sugarcane production and harvesting	485,693	585,025	4,238,053	4,791,768
Ranch	975,349	972,095	1,614,161	2,119,532
Real estate expenses	129,156	151,049	357,587	493,081
Interest	406,694	208,358	943,299	501,001
Other, general and administrative	513,377	1,305,836	1,572,282	2,497,286

Total costs and expenses	7,143,360	7,021,259	21,653,237	22,483,118
Income before income taxes	1,921,340	5,394,832	4,943,940	10,032,513
Provision for income taxes	694,279	1,918,665	1,755,440	3,517,101
Net income	1,227,061	3,476,167	3,188,500	6,515,412
Retained earnings beginning of period	61,133,759	56,240,678	60,929,277	54,255,607
Dividends paid	-	-	(1,756,957)	(1,054,174)
Retained earnings end of period	\$62,360,820	\$59,716,845	\$62,360,820	\$59,716,845
Weighted average number of shares outstanding	7,027,827	7,027,827	7,027,827	7,027,827
Per share amounts:				
Net income	\$.17	\$.49	\$.45	\$.93
Dividends	\$ -	\$ -	\$.25	\$.15

<FN>

See accompanying notes to condensed consolidated financial statements.

</TABLE>

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<CAPTION>

ALICO, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(See Accountants' Review Report)

FORM 10-Q

	(Unaudited) May 31, 1995	(Audited) August 31, 1994
<S>		
ASSETS		
Current assets:		
Cash and cash investments	\$ 1,080,863	\$ 967,196
Marketable Securities	8,869,972	8,693,865
Accounts and mortgage notes receivable	9,108,799	7,618,943
Inventories	10,553,142	10,681,350
Prepaid expenses	84,028	189,120
Interest receivable	93,800	190,543
Total current assets	29,790,604	28,341,017
Mortgage notes receivable, non-current	2,024,432	3,131,465
Land held for development and sale	7,131,243	6,757,549
Investments	925,785	810,677
Other	45,195	40,470
Property, buildings and equipment	91,100,075	85,507,357
Less: Accumulated depreciation	(24,401,252)	(22,403,837)
Total assets	\$106,616,082	\$102,184,698

<S>	(Unaudited) May 31, 1995	(Audited) August 31, 1994
LIABILITIES		
	<C>	<C>
Current liabilities:		
Accounts payable	\$ 1,176,926	\$ 1,386,912
Due to profit sharing plan	-	248,594
Accrued donation (See Note 6)	1,908,468	2,103,051
Accrued expenses	968,526	1,297,862
Income taxes payable	468,897	56,303
Deferred income taxes	335,586	567,426
Note payable to bank, current portion	593,000	-
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Total current liabilities	5,451,403	5,660,148
Note payable to bank, long-term	22,000,000	18,713,998
Deferred income taxes	9,254,119	9,424,707
Deferred retirement benefits	521,913	428,741
	<hr/>	<hr/>
Total liabilities	37,227,435	34,227,594
STOCKHOLDERS' EQUITY		
Common stock	\$ 7,027,827	\$ 7,027,827
Retained earnings	62,360,820	60,929,277
	<hr/>	<hr/>
Total stockholders' equity	69,388,647	67,957,104
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$106,616,082	\$102,184,698
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<FN>
See Accompanying notes to condensed consolidated financial statements.
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ALICO, INC. AND SUBSIDIARY FORM 10-Q
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(See Accountants' Review Report)

<S>	(Unaudited) Nine Months Ended May 31, 1995 1994	
	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 3,188,500	\$ 6,515,412
Adjustments to reconcile net income to cash provided from (used for) operating activities:		
Depreciation	3,097,942	2,811,025
Accrued donation	(194,583)	2,290,692
Net decrease in current assets and liabilities	(1,123,711)	(2,440,192)
Deferred income taxes	(402,428)	1,866,341
Other	(341,350)	(4,668,018)
	<hr/>	<hr/>
Net cash provided from operating activities	4,224,370	6,375,260
Cash flows from (used for) investing activities:		
Purchases of property and equipment	(6,848,571)	(6,028,772)
Proceeds from sales of property and equipment	190,783	694,734
Purchases of marketable securities	(1,249,473)	(1,758,062)
Proceeds from sales of marketable securities	978,904	1,455,005
	<hr/>	<hr/>
Net cash used for investing activities	(6,928,357)	(5,637,095)
Cash flows from (used for) financing activities:		
Notes receivable collections	695,609	112,068
Repayment of bank loan	(9,570,000)	(7,050,025)

Proceeds from bank loan	13,449,002	7,524,574
Dividends paid	(1,756,957)	(1,054,174)
	<hr/>	<hr/>
Net cash provided from financing activities	2,817,654	(467,557)
	<hr/>	<hr/>
Net increase (decrease) in cash and cash investments	\$ 113,667	\$ 270,608
	<hr/>	<hr/>
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amount capitalized	\$ 833,080	\$ 432,237
	<hr/>	<hr/>
Cash paid for income taxes	\$ 1,744,600	\$ 2,210,861
	<hr/>	<hr/>

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See accompanying notes to condensed consolidated financial statements.

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ALICO, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(See Accountants' Review Report)

1. Basis of financial statement presentation:

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Saddlebag Lake Resorts, Inc., after elimination of all significant intercompany balances and transactions.

The accompanying unaudited condensed consolidated financial statements have been prepared on a basis consistent with the accounting principles and policies reflected in the Company's annual report for the year ended August 31, 1994. In the opinion of Management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of its consolidated financial position at May 31, 1995 and August 31, 1994 and the consolidated results of operations and cash flows for the nine months ended May 31, 1995 and 1994.

The basic business of the Company is agriculture which is of a seasonal nature and subject to the influence of natural phenomena and wide price fluctuations. Fluctuation in the market prices for citrus fruit has caused the Company to recognize additional revenue from the prior year's crop totaling \$1,770,146 in 1995 and \$1,697,547 in 1994. The results of operations for the stated periods are not necessarily indicative of results to be expected for the full year.

2. Recognition of revenue for real estate sales

Mortgage notes receivable are recorded under the accrual method of accounting. Under this method, a sale is not recognized until payment is received, including interest, aggregating 10% of the contract sales price for residential properties and 20% for commercial properties.

The Company has entered into an option agreement for the sale of certain property at a purchase price of approximately \$8,300,000 with an estimated gross profit of approximately \$7,900,000.

3. Inventories:

A summary of the Company's inventories is shown below:

	May 31, 1995	August 31, 1994
	<hr/>	<hr/>
Unharvested fruit crop on trees	\$ 4,712,561	\$ 5,936,629
Unharvested sugarcane	1,399,414	2,160,025
Beef cattle	4,033,919	2,227,320
Sod	407,248	357,376
	<hr/>	<hr/>
Total inventories	\$10,553,142	\$10,681,350
	<hr/>	<hr/>

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4. Income taxes:

The provision for income taxes for the quarters ended May 31, 1995 and 1994 is summarized as follows:

Three Months Ended May 31,

Nine Months Ended May 31,

	1995	1994	1995	1994
<S>	<C>	<C>	<C>	<C>
Current:				
Federal income tax	\$ 600,190	\$ 370,819	\$1,579,707	\$1,410,570
State income tax	99,105	26,734	263,516	240,190
	<u>699,295</u>	<u>397,553</u>	<u>1,843,223</u>	<u>1,650,760</u>
Deferred:				
Federal income tax	(3,933)	1,335,612	(75,561)	1,587,298
State income tax	(1,083)	185,500	(12,222)	279,043
	<u>(5,016)</u>	<u>1,521,112</u>	<u>(87,783)</u>	<u>1,866,341</u>
Total provision for income taxes	\$ 694,279	\$1,918,665	\$1,755,440	\$3,517,101

Following is a reconciliation of the expected income tax expense computed at the U.S. Federal statutory rate of 34% and the actual income tax provision for the quarters ended May 31, 1995 and 1994:

	Three Months Ended May 31, 1995	1994	Nine Months Ended May 31, 1995	1994
<S>	<C>	<C>	<C>	<C>
Expected income Tax	\$ 653,256	\$1,834,242	\$1,680,940	\$3,411,054
Increase (decrease) resulting from:				
State income taxes, net of federal benefit	69,745	195,835	179,465	364,180
Nontaxable interest and dividends	(34,748)	(34,995)	(134,906)	(136,643)
Other reconciling items, net	6,026	(76,417)	29,941	(121,490)
	<u>694,279</u>	<u>\$1,918,665</u>	<u>\$1,755,440</u>	<u>\$3,517,101</u>
Total provision for income taxes	\$ 694,279	\$1,918,665	\$1,755,440	\$3,517,101

The Company is currently under examination by the Internal Revenue Service for the years ended August 31, 1992, 1991 and 1990. The adjustments proposed to date by the Internal Revenue Service would result in approximately \$6 million in additional income taxes. When the matter is resolved, any income taxes due will become currently payable. However, the majority of the proposed adjustments relate to the timing of recognition of certain income and expense items already provided for in the Company's deferred tax liability accounts. Management intends to vigorously oppose the proposed adjustments and is of the opinion that the ultimate outcome will not have a significant adverse effect on the financial position or operations of the Company.

A partial settlement was reached with the Internal Revenue Service during April of 1995. A payment of \$385,043 was made consisting of \$260,259 taxes and \$124,784 interest. The items conceded related to the timing of recognition of certain items previously expensed. The effect of this payment was to increase interest expense by \$124,784 and reduce the current deferred tax liability by \$260,259.

</TABLE>

5. Indebtedness:

The Company has a financing agreement with a commercial bank that permits the Company to borrow up to \$25 million. The financing agreement allows the Company to borrow up to \$22,000,000 which is due in January 1997 and up to \$3,000,000 which is due on demand. The total amount of long-term debt under this agreement at May 31, 1995 and August 31, 1994 was \$22,000,000 and \$18,713,998, respectively.

Interest cost expensed and capitalized during the nine months ended May 31, 1995 and May 31, 1994 was as follows:

	1995	1994
Interest expensed	\$ 943,299	\$501,001
Interest capitalized	384,946	236,500
	<u>\$1,328,245</u>	<u>\$737,501</u>
Total interest cost	\$1,328,245	\$737,501

6. Commitment:

The Company donated land, improvements and other items, to the State of Florida, to be used as a site for a new university. The

gift included 975 acres of land, road construction, engineering and planning services, assistance with utility costs and academic chairs. Amounts for academic chairs and planning activities were finalized during prior years and charged against earnings. The title to the land was transferred during May 1994, recorded as a contribution and charged against earnings. The commitment for road construction, totaling \$2.4 million, was accrued at May 31, 1994. The portion allocable to the university land was expensed as a donation while the remainder was capitalized.

7. Accountants' review report:

The accompanying unaudited condensed consolidated financial statements have been reviewed by the Company's independent auditors in accordance with standards for such limited reviews established by the American Institute of Certified Public Accountants. The report of such auditors with respect to their limited review is attached hereto as Exhibit A.

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

LIQUIDITY AND CAPITAL RESOURCES:

Working capital increased to \$24,339,201 at May 31, 1995, up from \$22,680,869 at August 31, 1994. As of May 31, 1995 the Company had cash and cash investments of \$1,080,863 compared to \$967,196 at August 31, 1994. Marketable securities increased from \$8,693,865 to \$8,869,972 during the same period. The ratio of current assets to current liabilities increased from 5.01 to 1 at August 31, 1994 to 5.46 to 1 at May 31, 1995. Total assets increased by \$4,431,384 from \$102,184,698 at August 31, 1994 to \$106,616,082 at May 31, 1995.

The working capital increase (approximately \$1.7 million) is primarily the result of increased accounts and mortgage notes receivable (approximately \$1.5 million) at May 31, 1995. Total boxes of citrus harvested has increased over the last year due to an increase in the amount of producing acres, resulting in higher revenues and related receivables. Additionally, the current portion of mortgage notes receivable at May 31, 1995 increased over the August 31, 1994 balances.

In connection with a financing agreement with a commercial bank (See Note 5 under Notes to Condensed Consolidated Financial Statements), the Company has an unused availability of funds of approximately \$2.4 million at May 31, 1995.

RESULTS OF OPERATIONS:

When compared to the same period a year ago, net income decreased \$2,249,106 and \$3,326,912 during the three and nine months ended May 31, 1995, respectively. Income before income taxes decreased \$5,088,573 during the first nine months and \$3,473,492 during the third quarter of fiscal 1995, when compared to the same periods a year ago. This was largely due to a decrease in earnings from real estate sales (\$3,993,166). The Company sold 40 acres of land in Lee County, Florida last year for a \$3.9 million gain which was included in earnings for the third quarter of fiscal 1994. Additionally, earnings from agricultural activities declined (\$5,688,856 in 1995 vs. \$7,152,611 in 1994).

Citrus earnings increased during the third quarter of fiscal 1995 when compared to the same period last year (\$1,471,206 vs. \$1,204,417) primarily as a result of a 21% increase in the total boxes harvested. However, the average revenue per box has declined approximately 7% from the prior year, due to a decrease in the average number of pound solids per box. The decrease in pound solids per box is the primary factor in the year to date decline in earnings for this division (\$3,426,727 vs. \$3,999,185 during the nine months ended May 31, 1995 and 1994, respectively).

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ITEM 2. Management's Discussion
RESULTS OF OPERATIONS (Continued):

Earnings from sugarcane operations have also declined when compared to last year (\$1,632,340 vs. \$1,859,073 for the nine months ended May 31, 1995 and 1994, respectively). Gross profit per acre approximated the prior year level (\$326 vs. \$330). However, there

were fewer acres in production this year (5,000 acres vs. 5,626 acres during fiscal 1995 and 1994, respectively). Consequently, fewer gross tons were harvested compared to the prior year (186,035 tons harvested in the current year vs. 230,142 tons in the prior year).

Ranch earnings decreased \$653,914 during the first nine months of fiscal 1995 (\$536,807 vs. \$1,190,721), compared to the same period a year ago. An increase in the number of animals placed in feedlots has decreased the number of calves sold during the period. More calves have been placed on feed in an attempt to improve the gross profit per calf.

Permits have been filed with the South Florida Water Management District and the U.S. Army Corps of Engineers to begin construction on the new state university. The Company is currently providing the first phase of Tree Line Avenue as part of its previously accrued commitment. Campus construction permits were filed at the end of June. Actual construction on the university is anticipated to begin in January 1996. Current plans are to have the core buildings completed for a projected opening day in August 1997.

The Company has entered into an option agreement for the sale of 5,800 acres in Polk County, Florida. The agreement calls for a sales price of approximately \$8.3 million and will generate a \$7.9 million gain.

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PART II. OTHER INFORMATION

ITEM 6. Exhibits and reports on Form 8-K.

(a) Exhibits:

- A. Accountant's Report.
- B. Computation of Weighted Average Shares Outstanding at May 31, 1995.
- C. Exhibit 27 - Financial Data Schedule.

(b) Reports on Form 8-K.

None.

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.

ALICO, INC.
(Registrant)

July 14, 1995
Date

W. Bernard Lester
Executive Vice President
and Chief Operating Officer

(Signature)

July 14, 1995
Date

L. Craig Simmons
Vice President and
Chief Financial Officer
(Signature)

July 14, 1995
Date

Patrick W. Murphy
Controller
(Signature)

EXHIBIT A

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Stockholders and
Board of Directors
Alico, Inc:

We have reviewed the condensed consolidated balance sheet of Alico, Inc. and subsidiary as of May 31, 1995, and the related condensed consolidated statements of operations and retained earnings for the three-month and the nine-month periods ended May 31, 1995 and 1994, and the related condensed consolidated statements of cash flows for the nine-month periods ended May 31, 1995 and 1994, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Alico, Inc. and subsidiary as of August 31, 1994 and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated October 16, 1994, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of August 31, 1994, is fairly presented, in all material respects, in relation to the balance sheet from which it has been derived.

KPMG PEAT MARWICK LLP
(Signature)

Orlando, Florida
June 28, 1995

FORM 10-Q

ALICO, INC.

Computation of Weighted Average Shares Outstanding as of May 31, 1995:

Number of shares outstanding at August 31, 1994 7,027,827

Number of shares outstanding at May 31, 1995 7,027,827

Weighted Average 9/1/94 - 5/31/95 7,027,827

EXHIBIT B

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET OF ALICO, INC. AND SUBSIDIARY AS OF MAY 31, 1995 AND THE RELATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS AND CASH FLOWS FOR THE NINE MONTHS THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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