

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 six months ended February 28, 1997

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
 (State or other jurisdiction of
 incorporation of organization)

59-0906081
 (I.R.S. Employer
 Identification No.)

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

33975
 (Zip Code)

Registrant's telephone number, including area code 941/675-2966

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 April 11, 1997.

<TABLE>
 <CAPTION>

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

<S>	(Unaudited) Three Months Ended		(Unaudited) Six Months Ended	
	Feb. 28, 1997	Feb. 29, 1996	Feb. 28, 1997	Feb. 29, 1996
Revenue:	<C>	<C>	<C>	<C>
Citrus	\$ 9,825,628	\$ 7,133,182	\$11,919,099	\$11,303,342
Sugarcane	3,517,719	4,022,309	4,595,426	5,408,633
Ranch	1,661,053	195,692	2,499,460	1,730,263
Rock products and sand	265,317	213,244	611,262	447,636
Oil lease and land rentals	146,898	112,345	287,236	183,493
Forest products	45,066	37,970	71,994	77,420
Profit on sales of real estate	11,383,964	79,993	11,407,683	96,901
Interest and investment income	351,232	259,647	594,828	611,279
Other	37,228	65,852	58,868	85,796
Total revenue	27,234,105	12,120,234	32,045,856	19,944,763
Cost and expenses:				
Citrus production, harvesting and marketing	8,596,388	5,631,314	10,385,419	9,005,962
Sugarcane production and harvesting	3,263,134	3,146,714	4,091,272	4,198,186
Ranch	1,343,907	143,914	1,909,478	1,672,830
Real estate expenses	116,373	161,650	229,745	258,854
Interest	60,332	173,393	309,275	309,704
Other, general and administrative	626,462	704,327	1,328,997	1,354,914
Total costs and expenses	14,006,596	9,961,312	18,254,186	16,800,450
Income before income taxes	13,227,509	2,158,922	13,791,670	3,144,313
Provision for income taxes	4,970,392	758,888	5,152,521	1,096,953

Net income	8,257,117	1,400,034	8,639,149	2,047,360
Retained earnings beginning of period	69,420,999	66,301,277	70,093,141	68,113,690
Dividends paid	-	-	(1,054,174)	(2,459,739)
Retained earnings end of period	\$77,678,116	\$67,701,311	\$77,678,116	\$67,701,311
Weighted average number of shares outstanding	7,027,827	7,027,827	7,027,827	7,027,827
Per share amounts:				
Net income	\$ 1.17	\$.20	\$ 1.23	\$.29
Dividends	\$ -	\$ -	\$.15	\$.35

<FN>

See accompanying notes to condensed consolidated financial statements.

</TABLE>

<TABLE>

<CAPTION>

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

FORM 10-Q

	(Unaudited) February 28, 1997	(Audited) August 31, 1996
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ASSETS		
	<C>	<C>
Current assets:		
Cash and cash investments	\$ 1,197,542	\$ 1,428,059
Marketable Securities	10,650,840	9,626,025
Accounts and mortgage notes receivable	10,809,745	10,299,983
Inventories	11,812,928	13,284,527
Prepaid expenses	99,992	124,752
Interest receivable	137,173	113,286
Total current assets	34,708,220	34,876,632
Mortgage notes receivable, non-current	1,462,805	1,531,947
Land held for development and sale	7,940,582	7,777,942
Investments	872,472	1,016,526
Property, buildings and equipment	98,173,314	97,029,453
Less: Accumulated depreciation	(28,221,557)	(27,728,927)
Total assets	\$114,935,836	\$114,503,573

CONDENSED CONSOLIDATED BALANCE SHEETS
(See Accountants' Review Report)
(Continued)

	(Unaudited) February 28, 1997	(Audited) August 31, 1996
<S>		
LIABILITIES		
	<C>	<C>
Current liabilities:		
Accounts payable	\$ 1,043,127	\$ 1,070,092
Due to profit sharing plan	-	223,152
Accrued ad valorem taxes	277,635	1,095,427
Accrued donation (See Note 6)	1,231,666	1,236,340
Accrued expenses	72,784	142,047

Income taxes payable	5,212,210	190,639
Deferred income taxes	990,289	1,157,169
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Total current liabilities	8,827,711	5,114,866
Note payable to bank	9,431,000	20,630,000
Deferred income taxes	11,220,405	11,291,936
Deferred retirement benefits	110,961	84,117
	<hr/>	<hr/>
Total liabilities	29,590,077	37,120,919
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STOCKHOLDERS' EQUITY		
Common stock	\$ 7,027,827	\$ 7,027,827
Unrealized gains on marketable securities	639,816	261,686
Retained earnings	77,678,116	70,093,141
	<hr/>	<hr/>
Total stockholders' equity	85,345,759	77,382,654
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$114,935,836	\$114,503,573
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<FN>

See Accompanying notes to condensed consolidated financial statements.

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ALICO, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(See Accountants' Review Report)

	(Unaudited)	
	Six Months Ended	
	Feb. 28, 1997	Feb. 29, 1996
<S>		
Cash flows from operating activities:		
Net income	<C> \$ 8,639,149	<C> \$ 2,047,360
Adjustments to reconcile net income to cash provided from operating activities:		
Depreciation	2,122,293	2,093,538
Accrued donation	(4,674)	(188,446)
Net increase in current assets and liabilities	5,076,945	(840,910)
Deferred income taxes	(466,550)	147,446
Gain on sale of real estate	(11,407,683)	-
Other	289,868	(584,794)
	<hr/>	<hr/>
Net cash provided from operating activities	4,249,348	2,674,194
	<hr/>	<hr/>
Cash flows from (used for) investing activities:		
Purchases of property and equipment	(3,575,782)	(3,584,697)
Proceeds from sales of real estate	10,952,060	-
Proceeds from sales of other property and equipment	379,415	204,693
Purchases of marketable securities	(2,548,667)	(3,013,372)
Proceeds from sales of marketable securities	2,469,760	2,601,252
	<hr/>	<hr/>
Net cash provided by (used for) investing activities	7,676,786	(3,792,124)
	<hr/>	<hr/>
Cash flows from (used for) financing activities:		
Notes receivable collections	96,523	23,635
Repayment of bank loan	(18,513,000)	(6,441,000)
Proceeds from bank loan	7,314,000	9,736,000
Dividends paid	(1,054,174)	(2,459,739)
	<hr/>	<hr/>
Net cash provided from (used for) financing activities	(12,156,651)	858,896
	<hr/>	<hr/>
Net decrease in cash and cash investments	\$ (230,517)	\$ (259,034)
	<hr/>	<hr/>
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amount capitalized	\$ 372,364	\$ 300,528
	<hr/>	<hr/>
Cash paid for income taxes	\$ 597,500	\$ 1,105,000
	<hr/>	<hr/>

<FN>

See accompanying notes to condensed consolidated financial statements.
</TABLE>

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, 1996. 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 February 28, 1997 and August 31, 1996 and the consolidated results of operations and cash flows for the six months ended February 28, 1997 and February 29, 1996.

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 \$1,007,211 in 1997 and \$1,087,772 in 1996. The results of operations for the stated periods are not necessarily indicative of results to be expected for the full year.

2. Accounts and mortgage notes receivable:

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.

3. Inventories:

A summary of the Company's inventories (in thousands) is shown below:

	February 28, 1997	August 31, 1996
Unharvested fruit crop on trees	\$ 5,212	\$ 7,064
Unharvested sugarcane	491	2,231
Beef cattle	6,026	3,937
Sod	84	53
Total inventories	\$11,813	\$13,285

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4. Income taxes:

The provision for income taxes for the quarters and six months ended February 28, 1997 and February 29, 1996 is summarized as follows:

<S>	Three Months Ended		Six Months Ended	
	Feb. 28, 1997	Feb. 29, 1996	Feb. 28, 1997	Feb. 29, 1996
	<C>	<C>	<C>	<C>
Current:				
Federal income tax	\$4,611,748	\$ 521,295	\$4,798,649	\$ 870,158
State income tax	786,695	82,118	820,422	140,440
	5,398,443	603,413	5,619,071	1,010,598
Deferred:				
Federal income tax	(386,761)	140,477	(421,546)	78,025
State income tax	(41,290)	14,998	(45,004)	8,330
	(428,051)	155,475	(466,550)	86,355
Total provision for income taxes	\$4,970,392	\$ 758,888	\$5,152,521	\$1,096,953

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 and six months ended February 28, 1997 and

February 29, 1996:

<S>	Three Months Ended		Six Months Ended	
	February 28, 1997	February 29, 1996	February 28, 1997	February 29, 1996
Expected income tax	\$4,497,353	\$ 734,033	\$4,689,168	\$1,069,066
Increase (decrease) resulting from:				
State income taxes, net of federal benefit	480,159	78,369	500,638	114,139
Nontaxable interest and dividends	(29,490)	(38,004)	(52,429)	(80,104)
Other reconciling items, net	22,370	(15,510)	15,144	(6,148)
Total provision for income taxes	\$4,970,392	\$ 758,888	\$5,152,521	\$1,096,953

</TABLE>

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 \$6.9 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.

Partial settlements were made with the Internal Revenue Service during April of 1995 and June of 1996 for the year ended August 31, 1990. The items conceded related to the timing of recognition of certain items previously expensed. The effect of the \$385,043 payment made in April 1995 was to increase interest expense by \$124,784 and reduce the current deferred tax liability by \$260,259. The \$1,000,000 payment made in June 1996 reduced the current deferred tax liability by \$737,000. Interest totaling \$263,000 was recognized for the year ending August 31, 1996.

5. Indebtedness:

The Company has financing agreements with commercial banks that permit the Company to borrow up to \$30 million. The financing agreements allow the Company to borrow up to \$27,000,000 which is due in 1998 and up to \$3,000,000 which is due on demand. The total amount of long-term debt under these agreements at February 28, 1997 and August 31, 1996 was \$9,431,000 and \$20,630,000, respectively.

Interest cost expensed and capitalized during the six months ended February 28, 1997 and February 29, 1996 was as follows:

	1997	1996
Interest expensed	\$309,275	\$309,704
Interest capitalized	291,932	344,122
Total interest cost	\$601,207	\$653,826

6. Commitment:

During October 1992 the Company entered into an agreement to donate 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, and academic chairs. The commitment was recorded as a contribution in May 1994 when the title to the land was transferred. Costs related to road construction have been accrued and capitalized into land. Other costs will be expensed as incurred.

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 declined to \$25,880,509 at February 28, 1997, down from \$29,761,766 at August 31, 1996. As of February 28, 1997, the Company had cash

and cash investments of \$1,197,542 compared to \$1,428,059 at August 31, 1996. Marketable securities increased from \$9,626,025 to \$10,650,840 during the same period. The ratio of current assets to current liabilities decreased from 6.82 to 1 at August 31, 1996 to 3.93 to 1 at February 28, 1997. Total assets increased by \$432,263 from \$114,503,573 at August 31, 1996 to \$114,935,836 at February 28, 1997.

The working capital decrease (\$3,881,257) is primarily the result of an increase in income taxes payable (\$5,212,210 at February 28, 1997 vs. \$190,639 at August 31, 1996). A large real estate sale (\$11,500,000 gross price) to the State of Florida was closed in the second quarter of fiscal 1997, generating a large portion of the tax liability. The proceeds from the sale were used to reduce the note payable.

In connection with a financing agreement with commercial banks (See Note 5 under Notes to Condensed Consolidated Financial Statements), the Company has an unused availability of funds of approximately \$20.6 million at February 28, 1997.

RESULTS OF OPERATIONS:

Net income for the three months ending February 28, 1997 increased by \$6,857,083 over the second quarter of fiscal 1996, and \$6,591,789 over the six-month period then ended. Income before income taxes increased \$11,068,587 and \$10,647,357 for the three and six months ended February 28, 1997, respectively, when compared to the same periods a year ago. This was due to the sale of approximately 21,700 acres of land in Hendry County, Florida, to the State of Florida for \$11.5 million. The pretax gain from the sale totaled \$11,334,156. Earnings from agriculture activities decreased from the prior year (\$1,800,971 vs. \$2,429,241 for the second quarter, and \$2,627,816 vs. \$3,565,260 during the first half of fiscal 1997 and 1996, respectively).

Citrus earnings decreased both for the quarter (\$1,229,240 during fiscal 1997 vs. \$1,501,868 during fiscal 1996) and for the six months (\$1,533,680 during fiscal 1997 vs. \$2,297,380 during fiscal 1996) ended February 28, 1997 when compared to the prior year. Despite an increase in boxes harvested, lower prices for citrus products is the primary reason for the decline in earnings for this division.

Sugarcane earnings were lower for both the quarter (\$254,585 during fiscal 1997 vs. \$875,595 during fiscal 1996) and for the six months ended February 28, 1997 (\$504,154 in 1997 vs. \$1,210,447 in 1996) when compared to the prior year. Fewer tons were harvested due to the adverse effects of less than optimal growing conditions. Specifically, we experienced a freeze during February 1996 and drought conditions during the summer months of the growing season.

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

Ranch earnings improved substantially during both the quarter and six months ended February 28, 1997 when compared to the prior year (\$317,146 vs. \$51,778 for the three months ended February 28, 1997 and February 29, 1996, respectively), and (\$589,982 vs. \$57,433 for the six months ending February 28, 1997 and February 29, 1996, respectively). Improved prices for beef products, coupled with lower feed costs, the result of more abundant grain supplies, have generated the improvement. The Company is cautiously optimistic that these trends will continue.

Construction continues on the new Florida Gulf Coast University, scheduled to open in August 1997. The Company is continuing its marketing and permit activities for its land which surrounds the University site.

During November of 1996, the Company announced an agreement with Miromar Development, Inc. of Montreal, Canada to sell 550 acres of land surrounding the University site in Lee County for \$9.35 million. The contract could possibly close as early as the fall of 1997. The contract calls for 25 percent of the purchase price to be paid at closing, with the balance payable over the next four years. If the sale closes, it will generate a pretax gain of approximately \$8.7 million.

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 February 28, 1997.
- 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)

April 11, 1997
Date

W. Bernard Lester
Executive Vice President
and Chief Operating Officer
(Signature)

April 11, 1997
Date

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

April 11, 1997
Date

Patrick W. Murphy
Controller
(Signature)

EXHIBIT A

INDEPENDENT ACCOUNTANTS' 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 February 28, 1997, and the related condensed consolidated statements of operations and retained earnings for the three-month and six-month periods ended February 28, 1997 and February 29, 1996, and the related condensed consolidated statements of cash flows for the six-month periods ended February 28, 1997 and February 29, 1996. These condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial

data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted 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, 1996 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 4, 1996, 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, 1996, 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
April 4, 1997

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ALICO, INC.

Computation of Weighted Average Shares Outstanding as of February 28, 1997:

Number of shares outstanding at August 31, 1996	7,027,827

Number of shares outstanding at February 28, 1997	7,027,827

Weighted Average 9/1/96 - 2/28/97	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 FEBRUARY 28, 1997 AND THE RELATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS AND CASH FLOWS FOR THE SIX MONTHS THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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