

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 the nine months ended May 31, 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 59-0906081
 (State or other jurisdiction of (I.R.S. Employer
 incorporation of organization) Identification No.)

P. O. Box 338, La Belle, FL 33975
 (Address of principal executive offices) (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 July 14, 1997.

<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)

<S>	(Unaudited)		(Unaudited)	
	Three Months Ended May 31, 1997	Three Months Ended May 31, 1996	Nine Months Ended May 31, 1997	Nine Months Ended May 31, 1996
Revenue:	<C>	<C>	<C>	<C>
Citrus	\$ 8,526,853	\$ 8,721,183	\$20,445,952	\$20,024,525
Sugarcane	152,949	354,709	4,748,375	5,763,342
Ranch	1,741,367	1,533,122	4,240,827	3,263,385
Rock products and sand	297,382	228,429	908,644	676,065
Oil lease and land rentals	245,444	184,416	532,680	367,909
Forest products	88,305	58,660	160,299	136,080
Profit on sales of real estate	15,311	90,637	11,422,994	187,538
Interest and investment income	353,298	233,763	948,126	845,042
Other	28,881	35,177	87,749	120,973
Total revenue	11,449,790	11,440,096	43,495,646	31,384,859
Cost and expenses:				
Citrus production, harvesting and marketing	5,915,914	5,089,841	16,301,333	14,095,803
Sugarcane production and harvesting	-	-	4,091,272	4,198,186
Ranch	1,642,271	3,198,471	3,551,749	4,871,301
Real estate expenses	125,349	110,792	355,094	369,646
Interest	73,113	486,524	382,388	796,228
Other, general and administrative	547,708	474,034	1,876,705	1,828,948
Total costs and expenses	8,304,355	9,359,662	26,558,541	26,160,112
Income before income taxes	3,145,435	2,080,434	16,937,105	5,224,747
Provision for income taxes	1,153,420	857,410	6,305,941	1,954,363

Net income	1,992,015	1,223,024	10,631,164	3,270,384
Retained earnings beginning of period	77,678,116	67,701,311	70,093,141	68,113,690
Dividends paid	-	-	(1,054,174)	(2,459,739)
	<hr/>	<hr/>	<hr/>	<hr/>
Retained earnings end of period	\$79,670,131	\$68,924,335	\$79,670,131	\$68,924,335
	<hr/>	<hr/>	<hr/>	<hr/>
Weighted average number of shares outstanding	7,027,827	7,027,827	7,027,827	7,027,827
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Per share amounts:				
Net income	\$.28	\$.17	\$ 1.51	\$.47
Dividends	\$ -	\$ -	\$.15	\$.35

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

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

FORM 10-Q

	(Unaudited) May 31, 1997	(Audited) August 31, 1996
	<hr/>	<hr/>
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ASSETS		
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Current assets:		
Cash and cash investments	\$ 1,382,789	\$ 1,428,059
Marketable securities	10,842,691	9,626,025
Accounts and mortgage notes receivable	11,060,914	10,299,983
Inventories	12,372,286	13,284,527
Prepaid expenses	128,637	124,752
Interest receivable	31,515	113,286
	<hr/>	<hr/>
Total current assets	35,818,832	34,876,632
Mortgage notes receivable, non-current	1,032,222	1,531,947
Land held for development and sale	8,116,453	7,777,942
Investments	893,968	1,016,526
Other	34,581	-
Property, buildings and equipment	99,179,290	97,029,453
Less: Accumulated depreciation	(29,156,583)	(27,728,927)
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Total assets	\$115,918,763	\$114,503,573
	<hr/>	<hr/>

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

	(Unaudited) May 31, 1997	(Audited) August 31, 1996
	<hr/>	<hr/>
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LIABILITIES		
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Current liabilities:		
Accounts payable	\$ 1,317,051	\$ 1,070,092
Due to profit sharing plan	-	223,152
Accrued ad valorem taxes	690,135	1,095,427
Accrued donation (See Note 6)	546,712	1,236,340
Accrued expenses	130,598	142,047

Income taxes payable	2,771,312	190,639
Deferred income taxes	1,001,356	1,157,169
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Total current liabilities	6,457,164	5,114,866
Note payable to bank	10,581,000	20,630,000
Deferred income taxes	11,378,253	11,291,936
Deferred retirement benefits	153,004	84,117
	<hr/>	<hr/>
Total liabilities	28,569,421	37,120,919
	<hr/>	<hr/>
STOCKHOLDERS' EQUITY		
Common stock	\$ 7,027,827	\$ 7,027,827
Unrealized gains on marketable securities	651,384	261,686
Retained earnings	79,670,131	70,093,141
	<hr/>	<hr/>
Total stockholders' equity	87,349,342	77,382,654
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Total liabilities and stockholders' equity	\$115,918,763	\$114,503,573
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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)

Nine Months Ended May 31,
1997 1996

<S>

Cash flows from operating activities:		
	<C>	<C>
Net income	\$10,631,164	\$ 3,270,384
Adjustments to reconcile net income to cash provided from (used for) operating activities:		
Depreciation	3,164,047	3,136,985
Accrued donation	(689,628)	(397,800)
Net increase (decrease) in current assets and liabilities	2,741,913	(2,293,604)
Deferred income taxes	(304,615)	176,605
Gain on sale of real estate	(11,422,994)	(187,538)
Other	(590,656)	(190,355)
	<hr/>	<hr/>
Net cash provided from operating activities	3,529,231	3,514,677
	<hr/>	<hr/>
Cash flows from (used for) investing activities:		
Purchases of property and equipment	(4,723,303)	(4,604,584)
Proceeds from sale of real estate	11,306,136	187,538
Proceeds from sales of property and equipment	604,970	101,830
Purchases of marketable securities	(3,605,669)	(3,490,568)
Proceeds from sales of marketable securities	3,514,575	2,944,187
	<hr/>	<hr/>
Net cash from (used for) investing activities	7,096,709	(4,861,597)
	<hr/>	<hr/>
Cash flows from (used for) financing activities:		
Notes receivable collections	431,964	26,641
Repayment of bank loan	(22,243,000)	(9,091,000)
Proceeds from bank loan	12,194,000	12,636,000
Dividends paid	(1,054,174)	(2,459,739)
	<hr/>	<hr/>
Net cash provided from (used for) financing activities	(10,671,210)	1,111,902
	<hr/>	<hr/>
Net decrease in cash and cash investments	\$ (45,270)	\$ (235,018)
	<hr/>	<hr/>
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amount capitalized	\$ 366,647	\$ 444,378
	<hr/>	<hr/>
Cash paid for income taxes	\$ 4,029,884	\$ 1,785,000
	<hr/>	<hr/>

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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 Alico, Inc. (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 of normal recurring accruals) necessary for a fair presentation of its consolidated financial position at May 31, 1997 and the consolidated results of operations for the three and nine months ended May 31, 1997 and May 31, 1996 and cash flows for the nine months then ended.

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 \$1,087,921 in 1996. 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 payments received, including interest, aggregate 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:

	May 31, 1997	August 31, 1996
Unharvested fruit crop on trees	\$ 5,133	\$ 7,064
Unharvested sugarcane	1,401	2,231
Beef cattle	5,698	3,937
Sod	140	53
	<hr/>	<hr/>
Total inventories	\$12,372	\$13,285
	<hr/>	<hr/>

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4. Income taxes:

The provision for income taxes for the quarters ended May 31, 1997 and May 31, 1996 is summarized as follows:

<S>	Three Months Ended May 31,		Nine Months Ended May 31,	
	1997	1996	1997	1996
	<C>	<C>	<C>	<C>
Current:				
Federal income tax	\$ 841,521	\$ 632,889	\$5,640,170	\$1,503,047
State income tax	139,743	92,841	960,165	233,281
	<hr/>	<hr/>	<hr/>	<hr/>
	981,264	725,730	6,600,335	1,736,328
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred:				
Federal income tax	166,693	110,725	(254,853)	188,750
State income tax	5,463	20,955	(39,541)	29,285
	<hr/>	<hr/>	<hr/>	<hr/>
	172,156	131,680	(294,394)	218,035
	<hr/>	<hr/>	<hr/>	<hr/>
Total provision for income taxes	\$1,153,420	\$ 857,410	\$6,305,941	\$1,954,363
	<hr/>	<hr/>	<hr/>	<hr/>

Following is a reconciliation of the expected income tax expense computed at the U.S. Federal statutory rate of 34% and 35% and the actual income tax provision for the quarters ended May 31, 1997 and 1996:

	Three Months Ended		Nine Months Ended	
	May 31, 1997	May 31, 1996	May 31, 1997	May 31, 1996

<S>	<C>	<C>	<C>	<C>
Expected income tax	\$1,138,819	\$ 707,348	\$5,827,987	\$1,776,414
Increase (decrease) resulting from:				
State income taxes, net of federal benefit	110,363	75,519	611,001	189,658
Nontaxable interest and dividends	(28,655)	(35,782)	(81,084)	(115,886)
Other reconciling items, net	(67,107)	110,325	(51,963)	104,177
Total provision for income taxes	<u>\$1,153,420</u>	<u>\$ 857,410</u>	<u>\$6,305,941</u>	<u>\$1,954,363</u>

</TABLE>

The Company is currently under examination by the Internal Revenue Service for the years ended August 31, 1994, 1993, 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 totaling \$1,385,043 have been made with the Internal Revenue Service for the year ended August 31, 1990. The items conceded related to the timing of items previously expensed. The effect of these payments was to increase interest expense by \$124,784 in April of 1995 and \$263,000 in May of 1996. The deferred tax liability was reduced by \$260,259 and \$737,000 in April 1995 and May 1996, respectively.

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 January 1998 and up to \$3,000,000 which is due on demand. The total amount of long-term debt under these agreements at May 31, 1997 and August 31, 1996 was \$10,581,000 and \$20,630,000, respectively.

Interest cost expensed and capitalized during the nine months ended May 31, 1997 and May 31, 1996 was as follows:

	1997	1996
Interest expensed	\$ 382,388	\$ 796,228
Interest capitalized	450,626	525,867
Total interest cost	<u>\$ 833,014</u>	<u>\$1,322,095</u>

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, assistance with utility costs 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 slightly to \$29,361,668 at May 31, 1997, down from

\$29,761,766 at August 31, 1996. As of May 31, 1997, the Company had cash and cash investments of \$1,382,789 compared to \$1,428,059 at August 31, 1996. Marketable securities increased from \$9,626,025 to \$10,842,691 during the same period. The ratio of current assets to current liabilities decreased from 6.82 to 1 at August 31, 1996 to 5.55 to 1 at May 31, 1997. Total assets increased by \$1,415,190 from \$114,503,573 at August 31, 1996 to \$115,918,763 at May 31, 1997.

The working capital decrease (\$400,098) is primarily the result of an increase in income taxes payable (\$2,771,312 at May 31, 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 \$19.4 million at May 31, 1997.

RESULTS OF OPERATIONS:

Net income for the three months ending May 31, 1997 increased by \$768,991 over the third quarter of fiscal 1996, and \$7,360,780 over the nine-month period then ended. Income before income taxes increased \$1,065,001 and \$11,712,358 for the three and nine months ended May 31, 1997, respectively, when compared to the same periods a year ago. The increase in earnings for the quarter was due to increases in earnings from agricultural activities (\$542,282), and lower interest costs (\$413,411). Interest costs decreased as land sale proceeds were applied to principal balances. The year to date increase in net income is 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 \$11,050,174.

Earnings from agriculture increased when compared to the third quarter of the prior year (\$2,862,984 vs. \$2,320,702 for the three months ended May 31, 1997 and 1996, respectively). Year to date earnings from agricultural activities declined when compared to the nine months ended May 31, 1996 (\$5,490,800 vs. \$5,885,962 in 1997 and 1996, respectively).

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

Citrus earnings decreased both for the quarter (\$2,610,939 during fiscal 1997 vs. \$3,631,342 during fiscal 1996) and for the nine months (\$4,144,619 during fiscal 1997 vs. \$5,928,722 during fiscal 1996) ended May 31, 1997 when compared to the prior year. Despite an increase in boxes harvested, lower prices for citrus products caused a decline in earnings for this division.

Sugarcane earnings were lower for both the quarter (\$152,949 during fiscal 1997 vs. \$354,709 during fiscal 1996) and for the nine months ended May 31, 1997 (\$657,103 in 1997 vs. \$1,565,156 in 1996) when compared to the prior year. Fewer tons were harvested due to poor growing conditions caused by weather. Specifically, we experienced a freeze during February 1996 and drought conditions during the summer months of the growing season.

Ranch earnings improved substantially during both the quarter and nine months ended May 31, 1997 when compared to the prior year (\$99,096 vs. -\$1,665,349 for the three months ended May 31, 1997 and May 31, 1996, respectively), and (\$689,078 vs. -\$1,607,916 for the nine months ending May 31, 1997 and May 31, 1996, respectively). Improved prices for beef products, coupled with lower feed costs, have generated the improvement. During the third quarter of fiscal 1996, the Company adjusted cattle and sod farming inventories to their net realizable values. These adjustments totaled approximately \$1.2 million and contributed to the large ranch losses in the prior year.

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 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.

Additionally, the Company announced an option agreement with REJ Group, Inc.. The option agreement permits the acquisition of a minimum 150 acres and a maximum of 400 acres within the 2,300 acre university village. The potential pretax gain to Alico, if the option is exercised, would vary from \$8.5 million to \$24.5 million, depending on the time at which the option is exercised, and the total number of acres selected.

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, 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)

July 14, 1997 Date	W. Bernard Lester Executive Vice President and Chief Operating Officer (Signature)
July 14, 1997 Date	L. Craig Simmons Vice President and Chief Financial Officer (Signature)
July 14, 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 May 31, 1997, and the related condensed consolidated statements of operations and retained earnings for the three-month and nine-month periods ended May 31, 1997 and 1996 and the related condensed consolidated statements of cash flows for the nine-month periods ended May 31, 1997 and May 31, 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 consolidated balance sheet from which it has been derived.

KPMG PEAT MARWICK LLP
(Signature)

Orlando, Florida
July 8, 1997

FORM 10-Q

ALICO, INC.

Computation of Weighted Average Shares Outstanding as of May 31, 1997:

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

Number of shares outstanding at May 31, 1997	7,027,827

Weighted Average 9/1/96 - 5/31/97	7,027,827

EXHIBIT B

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THIS SCEHDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET OF ALICO, INC. AND SUBSIDIARY AS OF MAY 31, 1997 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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