

UNITED STATES 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 three months ended November 30, 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 January 15, 1998.

<TABLE>
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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)

(Unaudited)

Three Months Ended November 30,
1997 1996

<S>	<C>	<C>
Revenue:		
Citrus	\$ 3,814,858	\$ 2,093,471
Sugarcane	1,699,690	1,077,707
Ranch	3,099,678	838,407
Rock products and sand	312,082	345,945
Oil lease and land rentals	159,896	140,338
Forest products	44,491	26,928
Profit on sales of real estate	627,660	23,719
Interest and investment income	295,532	243,596
Other	14,599	21,640
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Total revenue	10,068,486	4,811,751
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Cost and expenses:		
Citrus production, harvesting and marketing	3,443,008	1,789,031
Sugarcane production and harvesting	1,475,296	828,138
Ranch	2,818,387	565,571
Real estate expenses	103,625	113,372
Interest	169,995	248,943
Other, general and administrative	588,048	702,535
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Total costs and expenses	8,598,359	4,247,590

Income before income taxes	1,470,127	564,161
Provision for income taxes	522,789	182,129
Net income	947,338	382,032
Retained earnings beginning of period	80,211,659	70,093,141
Dividends paid	(4,216,696)	(1,054,174)
Retained earnings end of period	76,942,301	69,420,999
Weighted average number of shares outstanding	7,027,827	7,027,827
Per share amounts:		
Net income	\$.13	\$.05
Dividends	\$.60	\$.15

<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) November 30, 1997	(Audited) August 31, 1997
ASSETS		
<S>	<C>	<C>
Current assets:		
Cash and cash investments	\$ 1,281,865	\$ 1,459,765
Marketable Securities	12,117,580	11,412,915
Accounts and mortgage notes receivable	8,399,730	8,358,049
Inventories	15,148,090	16,387,128
Other current assets	593,697	269,463
Total current assets	37,540,962	37,887,320
Mortgage notes receivable, non-current	542,440	588,860
Land held for development and sale	8,452,124	8,345,116
Investments	938,247	955,779
Property, buildings and equipment	98,200,126	96,709,440
Less: Accumulated depreciation	(27,570,024)	(26,763,790)
Total assets	\$118,103,875	\$117,722,725

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

	(Unaudited) November 30, 1997	(Audited) August 31, 1997
LIABILITIES		
<S>	<C>	<C>
Current liabilities:		
Accounts payable	\$ 946,393	\$ 1,158,012

Due to profit sharing plan	-	230,545
Accrued ad valorem taxes	1,083,539	1,253,053
Accrued road commitment (See Note 6)	123,139	212,075
Accrued expenses	170,697	329,772
Income taxes payable	935,302	934,895
Deferred income taxes	543,110	869,763
	<hr/>	<hr/>
Total current liabilities	3,802,180	4,988,115
Notes payable to banks	17,356,000	12,856,000
Deferred income taxes	11,927,423	11,712,806
Deferred retirement benefits	1,682	13,259
	<hr/>	<hr/>
Total liabilities	33,087,285	29,570,180
	<hr/>	<hr/>
STOCKHOLDERS' EQUITY		
Common stock	\$ 7,027,827	\$ 7,027,827
Unrealized gains on marketable securities	1,046,462	913,059
Retained earnings	76,942,301	80,211,659
	<hr/>	<hr/>
Total stockholders' equity	85,016,590	88,152,545
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$118,103,875	117,722,725
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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)

FORM 10-Q

(Unaudited)

Three Months Ended November 30,
1997 1996

<S>

Cash flows from operating activities:

	<C>	<C>
Net income	\$ 947,338	\$ 382,032
Adjustments to reconcile net income to cash provided from (used for) operating activities:		
Depreciation	1,140,337	1,068,727
Accrued road commitment	(88,936)	(879)
Net decrease in current assets and liabilities	140,986	(2,338,635)
Deferred income taxes	(192,523)	(38,498)
Other	(945,573)	(383,944)
	<hr/>	<hr/>
Net cash provided from (used for) operating activities	1,001,629	(1,311,197)

Cash flows from (used for) investing activities:

Purchases of property and equipment	(1,833,714)	(1,896,769)
Proceeds from sales of property and equipment	789,258	230,069
Purchases of marketable securities	(994,553)	(1,371,101)
Proceeds from sales of marketable securities	567,965	1,097,382
	<hr/>	<hr/>
Net cash used for investing activities	(1,471,044)	(1,940,419)

Cash flows used for financing activities:

Notes receivable collections	8,211	60,262
Repayment of bank loan	(5,435,000)	(1,950,000)
Proceeds from bank loan	9,935,000	5,870,000
Dividends paid	(4,216,696)	(1,054,174)
	<hr/>	<hr/>
Net cash provided from financing activities	291,515	2,926,088

Net increase (decrease) in cash and cash investments	\$ (177,900)	\$ (325,528)
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Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amount capitalized	\$ 144,670	\$ 225,056
Cash paid for income taxes	\$ 798,000	\$ 137,500

<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, 1997. 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 November 30, 1997 and August 31, 1997 and the consolidated results of operations and cash flows for the three months ended November 30, 1997 and 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 \$663,413 in 1997 and \$370,130 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:

	November 30, 1997	August 31, 1997
Unharvested fruit crop on trees	\$ 7,211	\$ 6,909
Unharvested sugarcane	1,925	2,322
Beef cattle	5,786	6,993
Sod	226	163
	<hr/>	<hr/>
Total inventories	\$15,148	\$16,387
	<hr/>	<hr/>

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4. Income taxes:

The provision for income taxes for the quarters ended November 30, 1997 and 1996 is summarized as follows:

	Three Months Ended November 30,	
	1997	1996
<S>	<C>	<C>
Current:		
Federal income tax	\$ 542,685	\$ 186,901
State income tax	94,523	33,727
	<hr/>	<hr/>
	637,208	220,628
	<hr/>	<hr/>
Deferred:		
Federal income tax	(103,382)	(34,785)
State income tax	(11,037)	(3,714)
	<hr/>	<hr/>

	(114,419)	(38,499)
Total provision for income taxes	\$ 522,789	\$ 182,129

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 November 30, 1997 and 1996:

	Three Months Ended November 30, 1997	1996
<S>	<C>	<C>
Expected income tax	\$ 499,843	\$ 191,815
Increase (decrease) resulting from:		
State income taxes, net of federal benefit	53,366	20,479
Nontaxable interest and dividends	(25,514)	(22,939)
Other reconciling items, net	(4,906)	(7,226)
Total provision for income taxes	\$ 522,789	\$ 182,129

The Company is currently under examination by the Internal Revenue Service for the years ended August 31, 1991, 1992, 1993 and 1994. When the examinations are resolved, any income taxes due will become currently payable. However, the majority of the proposed adjustments relate to the timing of certain income and expense items already provided for in the Company's deferred tax liability accounts.

Previously the Company had been under audit for the year ended August 31, 1990. A final settlement was reached in August of 1997. Payments totaling approximately \$1.4 million resulted in a refund due of approximately \$80 thousand. The items settled related to the timing of recognition of certain items previously expensed. The aforementioned payments increased interest expense by \$124,784 and \$263,000 during the fiscal years ended August 31, 1995 and 1996, respectively.

The adjustments proposed to date for the years ended August 31, 1991 and 1992 would potentially result in \$3.3 million of additional income tax payments. Management anticipates a settlement regarding these years to occur within the next twelve months. No adjustments have yet been proposed for the years ended August 31, 1993 and 1994.

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 1999 and up to \$3,000,000 which is due on demand. The total amount of long-term debt under this agreement at November 30, 1997 and August 31, 1997 was \$17,356,000 and \$12,856,000, respectively.

Interest cost expensed and capitalized during the three months ended November 30, 1997 and November 30, 1996 was as follows:

	1997	1996
Interest expensed	\$169,995	\$248,943
Interest capitalized	84,803	139,699
Total interest cost	\$254,798	\$388,642

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. Dividends:

On October 7, 1997 the Company declared a year-end dividend of \$.15 per share and a special dividend of \$.45 per share, which were paid on November 7, 1997.

8. 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 \$33,738,782 at November 30, 1997, up from \$32,899,205 at August 31, 1997. As of November 30, 1997, the Company had cash and cash investments of \$1,281,865 compared to \$1,459,765 at August 31, 1997. Marketable securities increased from \$11,412,915 to \$12,117,580 during the same period. The ratio of current assets to current liabilities increased from 7.60 to 1 at August 31, 1997 to 9.87 to 1 at November 30, 1997. Total assets increased by \$381,150 from \$117,722,725 at August 31, 1997 to \$118,103,875 at November 30, 1997.

The working capital increase (\$839,577) resulted from an increase in cash provided by operations.

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 \$12.6 million at November 30, 1997.

RESULTS OF OPERATIONS:

Income before income taxes and net income increased \$905,966 and \$565,306, respectively, during the first quarter of fiscal 1998, when compared to the same period a year ago. The increases were largely due to an increase in earnings from real estate activities (\$524,035 for the three months ended November 30, 1997 vs. a loss of (\$89,653) for the three months ended November 30, 1996). Additionally, agricultural earnings for the period were slightly higher

when compared to the first quarter of fiscal 1997 (\$877,535 for the three months ended November 30, 1997 vs. \$826,845 for the three months ended November 30, 1996).

Citrus earnings increased during the first quarter of fiscal 1998, when compared to the same period last year (\$371,850 vs. \$304,440). This was due to the recognition of additional revenues from the prior year's crop of \$663,413 (see Note 1 to the Condensed Consolidated Financial Statements). Lower market prices for citrus products have been experienced during the first quarter of fiscal year 1998. If this trend continues, it may result in lower earnings for this division.

Sugarcane earnings during the first quarter of fiscal 1998 approximated the same period a year ago, (\$224,394 vs. \$249,569 during the first quarter of fiscal 1998 and 1997, respectively). Total gross tons harvested during fiscal 1998 are expected to increase over those harvested in fiscal 1997, provided growing conditions are not negatively impacted by weather or other uncontrollable events. However, the increase in tonnage for the first quarter was offset by a decrease in sugar content, when compared to the same period a year ago.

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

Earnings from ranching activities approximated those of a year ago (\$281,291 during the first quarter of fiscal 1998, compared to \$272,836 during the first quarter of fiscal 1997). Although more animals have been sold in the current period, prior year sales included a greater number of fully depreciated cows, which typically generate a higher profit margin per head sold.

The Company is continuing its marketing and permit activities for its land which surrounds the Florida Gulf Coast University.

During November of 1997, 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 August of 1998. 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.

FORM 10-Q

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 November 30, 1997.
 - C. Exhibit 27 - Financial Data Schedule.
- (b) Reports on Form 8-K.
December 2, 1997.

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)

January 15, 1998 Date	W. Bernard Lester President Chief Operating Officer (Signature)
January 15, 1998 Date	L. Craig Simmons Vice President Chief Financial Officer (Signature)
January 15, 1998 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 November 30, 1997, and the related condensed consolidated statements of operations and retained earnings for the three-month periods ended November 30, 1997 and 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 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 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, 1997 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 10, 1997 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, 1997, 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
January 6, 1998

FORM 10-Q

ALICO, INC.

Computation of Weighted Average Shares Outstanding as of November 30, 1997:

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

Number of shares outstanding at November 30, 1997	7,027,827

Weighted Average 9/1/97 - 11/30/97	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 NOVEMBER 30, 1997 AND THE RELATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS AND CASH FLOWS FOR THE THREE MONTHS THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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