

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 three months ended November 30, 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 0-261.

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

Florida  
(State or other jurisdiction of  
incorporation or 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 14, 1999.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ALICO, INC. AND SUBSIDIARY  
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME  
(See Accountants' Review Report)

(Unaudited)

Three Months Ended November 30,  
1998 1997

Revenue:

Citrus	\$ 1,586,598	\$ 3,814,858
Sugarcane	1,193,533	1,699,690
Ranch	2,647,356	3,099,678
Rock products and sand	352,174	312,082
Oil lease and land rentals	134,449	159,896

Forest products	54,248	44,491
Profit on sales of real estate	-	627,660
Interest and investment income	195,852	295,532
Other	11,546	14,599
	<hr/>	<hr/>
Total revenue	6,175,756	10,068,486
	<hr/>	<hr/>
Cost and expenses:		
Citrus production, harvesting and marketing	1,275,238	3,443,008
Sugarcane production and harvesting Ranch	875,922	1,475,296
Real estate expenses	2,787,028	2,818,387
Interest	131,112	103,625
Other, general and administrative	408,937	169,995
	688,987	588,048
	<hr/>	<hr/>
Total costs and expenses	6,167,224	8,598,359
	<hr/>	<hr/>
Income before income taxes	8,532	1,470,127
Provision for income taxes	(18,562)	522,789
	<hr/>	<hr/>
Net income	27,094	947,338
	<hr/>	<hr/>
Other comprehensive income, net of tax:		
Unrealized gains on securities	534,009	133,403
	<hr/>	<hr/>
Other comprehensive income	534,009	133,403
	<hr/>	<hr/>
Comprehensive income	561,103	1,080,741
	<hr/>	<hr/>
	<hr/>	<hr/>
Weighted average number of shares outstanding	7,027,827	7,027,827
Per share amounts:		
Basic	\$ 0.00	\$ 0.13
Dividends	\$ 0.50	\$ 0.60

See accompanying notes to condensed consolidated financial statements.

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

	(Unaudited)	
	November 30, 1998	August 31, 1998
ASSETS		
Current assets:		
Cash and cash investments	\$ 431,964	\$ 908,268
Marketable securities	13,661,538	12,291,767
Accounts and mortgage notes receivable	8,827,948	11,193,508
Inventories	17,568,597	17,625,923
Other current assets	427,443	334,577
	<hr/>	<hr/>
Total current assets	40,917,490	42,354,043
Mortgage notes receivable, non-current	537,022	514,796

Land held for development and sale	8,976,551	8,837,957
Other assets	977,614	965,230
Property, buildings and equipment	110,413,654	107,064,751
Less: Accumulated depreciation	(30,303,107)	(29,182,416)
	<hr/>	<hr/>
Total assets	\$131,519,224	\$130,554,361
	<hr/> <hr/>	<hr/> <hr/>

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

LIABILITIES	(Unaudited) November 30, 1998	August 31, 1998
	<hr/> [C]	<hr/> [C]
Current liabilities:		
Accounts payable	\$ 1,463,708	\$ 1,464,159
Due to profit sharing plan	-	296,368
Accrued ad valorem taxes	-	1,329,136
Current portion of notes payable	2,528,145	28,145
Accrued expenses	194,433	538,897
Income taxes payable	117,504	623,128
Deferred income taxes	560,003	1,023,886
Deferred revenue	453,642	345,763
	<hr/>	<hr/>
Total current liabilities	5,317,435	5,649,482
Notes payable	27,360,723	23,210,723
Deferred income taxes	11,788,947	11,723,895
Deferred retirement benefits	37,989	3,320
	<hr/>	<hr/>
Total liabilities	44,505,094	40,587,420
	<hr/>	<hr/>
STOCKHOLDERS' EQUITY		
Common stock	\$ 7,027,827	\$ 7,027,827
Accumulated other comprehensive income	702,354	168,345
Retained earnings	79,283,949	82,770,769
	<hr/>	<hr/>
Total stockholders' equity	87,014,130	89,966,941
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$131,519,224	130,554,361
	<hr/> <hr/>	<hr/> <hr/>

See Accompanying notes to condensed consolidated financial statements.

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

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income
	Shares Issued	Amount		
Balances August 31, 1997	7,027,827	\$7,027,827	\$80,211,659	\$913,059
Net income for the year ended August 31, 1997	-	-	6,775,806	-
Other comprehensive income, net of tax	-	-	-	(744,714)
Dividends paid	-	-	(4,216,696)	-
Balances August 31, 1998	7,027,827	7,027,827	82,770,769	168,345
Net income for the three months ended November 30, 1998	-	-	27,094	-
Other comprehensive income, net of tax	-	-	-	534,009
Dividends paid	-	-	(3,513,914)	-
Balances November 30, 1998	7,027,827	\$7,027,827	\$79,283,949	\$702,354

See accompanying notes to condensed consolidated financial statement.

ALICO, INC. AND SUBSIDIARY  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(See Accountants' Review Report)  
(Unaudited)  
Three Months Ended November 30,  
1998                                      1997

	[C]	[C]
Cash flows from operating activities:		
Net income	\$ 27,094	\$ 947,338
Adjustments to reconcile net income to cash provided from (used for) operating activities:		
Depreciation	1,212,374	1,140,337
Net decrease in current assets and liabilities	(87,098)	52,050

Deferred income taxes	(718,306)	(192,523)
Other	(97,431)	(945,573)
	<hr/>	<hr/>
Net cash provided from operating activities	336,633	1,001,629
	<hr/>	<hr/>
Cash flows from (used for) investing activities:		
Purchases of property and equipment	(3,468,992)	(1,833,714)
Proceeds from sales of property and equipment	4,894	789,258
Purchases of marketable securities	(1,041,667)	(994,553)
Proceeds from sales of marketable securities	530,014	567,965
	<hr/>	<hr/>
Net cash used for investing activities	(3,975,751)	(1,471,044)
	<hr/>	<hr/>
Cash flows used for financing activities:		
Notes receivable collections	26,728	8,211
Repayment of bank loan	(4,850,000)	(5,435,000)
Proceeds from bank loan	11,500,000	9,935,000
Dividends paid	(3,513,914)	(4,216,696)
	<hr/>	<hr/>
Net cash provided from financing activities	3,162,814	291,515
	<hr/>	<hr/>
Net decrease in cash and cash investments	\$ (476,304)	\$ (177,900)
	<hr/>	<hr/>
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amount capitalized	\$ 368,647	\$ 144,670
	<hr/>	<hr/>
	<hr/>	<hr/>
Cash paid for income taxes	\$ 792,700	\$ 798,000
	<hr/>	<hr/>
	<hr/>	<hr/>

See accompanying notes to condensed consolidated financial statements.

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, 1998. 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 and stockholders' equity at November 30, 1998 and August 31, 1998 and the consolidated results of operations and cash flows for the three months ended November 30, 1998 and 1997.

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 \$218,943 in 1998 and \$663,413 in 1997. The results of

operations for the stated periods are not necessarily indicative of results to be expected for the full year.

2. Real Estate:

Real estate sales 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, 1998	August 31, 1998
	<u>                    </u>	<u>                    </u>
Unharvested fruit crop on trees	\$ 9,047	\$ 7,466
Unharvested sugarcane	2,315	2,358
Beef cattle	5,922	7,535
Sod	285	267
	<u>                    </u>	<u>                    </u>
Total inventories	\$17,569	\$17,626
	<u>                    </u>	<u>                    </u>

4. Income taxes:

The provision for income taxes for the quarters ended November 30, 1998 and 1997 is summarized as follows:

	Three Months Ended November 30, 1998	1997
	<u>                    </u>	<u>                    </u>
Current:		
Federal income tax	\$ 100,453	\$ 542,685
State income tax	17,051	94,523
	<u>                    </u>	<u>                    </u>
	117,504	637,208
	<u>                    </u>	<u>                    </u>
Deferred:		
Federal income tax	(122,940)	(103,382)
State income tax	(13,126)	(11,037)
	<u>                    </u>	<u>                    </u>
	(136,066)	(114,419)
	<u>                    </u>	<u>                    </u>
Total provision for income taxes	\$ (18,562)	\$ 522,789
	<u>                    </u>	<u>                    </u>

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, 1998 and 1997:

	Three Months Ended November 30, 1998	1997
	<u>                    </u>	<u>                    </u>
[S]	[C]	[C]
Expected income tax	\$ 2,901	\$ 499,843
Increase (decrease) resulting from:		
State income taxes, net of federal benefit	310	53,366
Nontaxable interest and		

dividends	(23,825)	(25,514)
Other reconciling items, net	2,052	(4,906)
	<hr/>	<hr/>
Total provision for income taxes	\$ (18,562)	\$ 522,789
	<hr/>	<hr/>

The Company is currently under examination by the Internal Revenue Service for the years ended August 31, 1991, 1992, 1993, 1994, 1995 and 1996. When the examinations are resolved, any income taxes due will become currently payable. However, the majority of the proposed adjustments relate to, among other things, the Company's computation of the deferral of citrus revenue, timing of deductions for certain expenses, and the determination of the amounts of certain charitable contributions, all of which have been provided for in the Company's deferred tax liability account. The Company plans to continue to defend the positions taken in its amended tax returns. No adjustments have yet been proposed for the years ended August 31, 1995 and 1996.

#### 5. Indebtedness:

The Company has financing agreements with commercial banks that permit the Company to borrow up to \$34 million. The financing agreements allow the Company to borrow up to \$27,000,000 which is due in 2000 and up to \$7,000,000 which is due on demand. The total amount of debt under these agreements at November 30, 1998 and August 31, 1998 was \$29,500,000 and \$22,850,000, respectively.

Interest cost expensed and capitalized during the three months ended November 30, 1998 and November 30, 1997 was as follows:

	1998	1997
	<hr/>	<hr/>
Interest expensed	\$408,937	\$169,995
Interest capitalized	29,943	84,803
	<hr/>	<hr/>
Total interest cost	\$438,880	\$254,798
	<hr/>	<hr/>

#### 6. Dividends:

On October 6, 1998 the Company declared a year-end dividend of \$.50 per share, which was paid on November 6, 1998.

#### 7. Disclosures about reportable segments:

Alico, Inc. has four reportable segments: citrus, sugarcane, ranching and general corporate. The commodities produced by these segments are sold to wholesalers and processors who prepare the products for consumption. The Company's operations are located in Florida.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Alico, Inc. evaluates performance based on profit or loss from operations before income taxes. Alico, Inc.'s reportable segments are strategic business units that offer different products. They are managed separately because each segment requires different management techniques, knowledge and skills.

The following table presents information for each of the Company's Operating segments as of and for the three months ended November 30, 1998:

Citrus	Sugarcane	Ranch	General Corporate	Consolidated Total
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Revenue	1,586,598	1,193,533	2,647,356	748,269	6,175,756
Costs and expenses	1,275,238	875,922	2,787,028	1,229,036	6,167,224
Depreciation and amortization	538,097	252,726	322,554	98,997	1,212,374
Segment profit (loss)	311,360	317,611	(139,672)	(480,767)	8,532
Segment assets	31,444,890	29,595,776	10,757,284	59,721,274	131,519,224

\*Consists of rents, investments, real estate activities and other such items of a general corporate nature.

#### 8. Accounting pronouncements

As of September 1, 1998, Alico adopted Statement of Financial Accounting Standards No. 130 (SFAS 130), "Reporting Comprehensive Income." Statement 130 requires that an enterprise compute and display comprehensive income and its components in a full set of general-purpose financial statements. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. It includes both net income and other comprehensive income which caused the equity change.

Items included in other comprehensive income shall be classified based on their nature. For example, it would include unrealized holding gains and losses relating to securities transactions, and changes in market values of futures contracts which qualifies as a hedge among other items. The total of other comprehensive income for a period will be transferred to an equity account and displayed as "accumulated other comprehensive income."

#### 9. Subsequent events:

In December 1998, the State of Florida approved the purchase of approximately 12,728 acres of land in Hendry and Collier Counties, Florida from Alico, Inc. by the South Florida Water Management District for \$8.8 million. On completion of the sale, the Company will recognize a gain of approximately \$8.6 million. The Company also signed a contract to purchase approximately 7,680 acres in Hendry County, Florida, for \$22.5 million. For income tax purposes, the Company plans to effect a like-kind exchange for these two real estate transactions which will allow the Company to defer income taxes resulting from the sale.

At its annual meeting of shareholders on December 1, 1998, the stockholders approved an incentive plan which is intended to provide officers, board members and other key employees of the Company an opportunity to increase their stock ownership in the Company and give them additional incentive to achieve the Company's objectives. There have been 650,000 shares of the Company's Common Stock reserved for awards under the incentive plan. No grants have been made to date under this plan.

#### 10. 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 decreased to \$35,600,055 at November 30, 1998, down from \$36,704,561 at August 31, 1998. As of November 30, 1998, the Company had cash and cash investments of \$431,964 compared to \$908,268 at August 31, 1998. Marketable securities increased to \$13,661,538 from \$12,291,767 during the same period. The ratio of current assets to current liabilities increased to 7.69 to 1 at November 30, 1998 from 7.50 to 1 at August 31,



1998. Total assets increased by \$964,863 to \$131,519,224 at November 30, 1998 from \$130,554,361 at August 31, 1998.

The working capital decrease of \$1,104,506 is largely resulting from the development of additional sugarcane acreage requiring capital outlay.

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 \$4.5 million at November 30, 1998.

#### RESULTS OF OPERATIONS:

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. The results of operations for the stated periods are not necessarily indicative of results to be expected for the full year.

Net income for the three months ending November 30, 1998 decreased by \$920,244 when compared to the first quarter of fiscal 1998. Income before income taxes decreased \$1,461,595 for the three months ended November 30, 1998, respectively, when compared to the same period a year ago. This was primarily due to decreases in earnings from real estate activities (a loss of (\$131,112) for the three months ended November 30, 1998, as compared to a gain of \$524,035 for the three months ended November 30, 1997) and agricultural activities.

Earnings from agricultural activities also decreased during the first Quarter of fiscal 1999 (\$489,299 vs. \$877,535 during the first three months of fiscal 1999 and 1998, respectively).

#### Citrus

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Citrus revenues and earnings decreased for the quarter ended November 30, 1998 when compared to the prior year (\$311,360 earnings during the first quarter of fiscal 1999 vs. \$371,850 during fiscal 1998). This is largely the result of less fruit harvested during the first quarter when compared to the same period last year. Additionally, recognition of the revenues from the prior year's fresh fruit crop were less than amount realized in the first quarter of the prior year (\$218,943 in the first quarter of fiscal 1999, compared to \$663,413 in the first quarter of 1998, see Note 1 to the Condensed Consolidated Financial Statements). Management expects current year earnings to improve as additional fruit is harvested.

#### Sugarcane

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Sugarcane earnings were higher for the first quarter of 1999 (\$317,611 during fiscal 1999 vs. \$224,394 during fiscal 1998) when compared to the prior year. Although revenues declined due to fewer acres harvested, improved sugar yield per acre has generated the higher year-to-date earnings.

#### Ranching

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Ranch earnings declined from those of a year ago for the quarter ended November 30, 1998 when compared to the prior year (a loss of (\$139,672) vs. a profit of \$281,291 for the three months ended November 30, 1998 and November 30, 1997, respectively). Lower market prices for beef is the primary cause of the decline.

#### General Corporate

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

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 of 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.

In December 1998, the State of Florida approved the purchase of approximately 12,728 acres of land in Hendry and Collier Counties, Florida from Alico, Inc. by the South Florida Water Management District for \$8.8 million. On completion of the sale, the Company will recognize a gain of approximately \$8.6 million. The Company also signed a contract to purchase approximately 7,680 acres in Hendry County, Florida for \$22.5 million. For income tax purposes, the Company plans to effect a like-kind exchange for these two real estate transactions which will allow the Company to defer income taxes resulting from the sale.

At its annual meeting of shareholders on December 1, 1998, the stockholders approved an incentive plan which is intended to provide officers, board members and other key employees of the Company an opportunity to increase their stock ownership in the Company and give them additional incentive to achieve the Company's objectives. There are 650,000 shares of the Company's Common Stock reserved for awards under the incentive plan. No grants have yet been approved or distributed under the plan.

#### Year 2000 Compliance

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The Company recognizes that year 2000 issues could result in system failures or miscalculations causing disruptions of operations, including, among others, a temporary inability to process transactions, send invoices or engage in similar normal business activities.

The Company has been engaged in an evaluation of its year 2000 readiness in connection with various aspects of its business. Specifically, the Company has focused on its information technology and non-information technology systems. In addition, the Company has analyzed its production processes and products. The Company has also attempted to analyze year 2000 issues relating to third parties with whom the Company has a business relationship.

The current status of the Company's efforts is as follows:

#### Internal Systems, Processes and Products

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##### Information Technology Systems:

The Company's accounting software provider and operating system provider have advised the Company that such software is year 2000 compliant.

##### Non-Information Technology Systems:

The Company does not believe that non-information technology systems are material to its business; however, the Company has completed its review and testing of such systems. The Company is not aware of any problems concerning its non-information technology.

##### Products:

The Company's products are not date sensitive. Therefore, the Company does not believe it has any material exposure with regard to its products as a result of the year 2000 issue.

## Year 2000 Issues Relating to Third Parties

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### Suppliers:

Certain products purchased by the Company are obtained from a limited group of suppliers. The Company surveyed such suppliers in 1998 regarding their year 2000 status. Absent widespread difficulties affecting several major vendors, the Company does not anticipate that vendors' year 2000 issues would have a material adverse effect on the Company, because the Company believes alternative sources of supply are available for all required components.

The Company is not currently aware of the year 2000 readiness of certain outside service companies. Any adverse effect caused by the failure of these providers to be year 2000 compliant is not currently susceptible to quantification.

### Customers:

Because the Company intends to distribute the majority of its agricultural products through third party distribution and marketing agreements, and because the customer base is expected to change from year to year, the Company is unable to predict the identity of most of its major customers in the year 2000 and thereafter. Accordingly, the Company is unable to make an inquiry as to whether the customers' computer driven payment or purchasing processes are year 2000 compliant.

A customer's year 2000 issues could cause a delay in receipt of purchase orders or in payment. If year 2000 issues are widespread among the Company's customers, the Company's sales and cash flow could be materially affected.

### Cautionary Statement

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This report of Form 10-Q contains certain forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements as a result of various factors, including but not limited to, the competitive environment of the Company's products, weather forces and government regulations.

## 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, 1998.

C. Exhibit 27 - Financial Data Schedule.

(b) Reports on Form 8-K.

December 1, 1998.

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 14, 1998  
Date

W. Bernard Lester  
President  
Chief Operating Officer  
(Signature)

January 14, 1998  
Date

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

January 14, 1998  
Date

Patrick W. Murphy  
Controller  
(Signature)

EXHIBIT A

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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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, 1998, and the related condensed consolidated statements of operations and comprehensive income, cash flows and stockholders' equity for the three-month periods ended November 30, 1998 and 1997. 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, 1998 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 9, 1998 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, 1998, is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG LLP  
(Signature)

Orlando, Florida  
January 6, 1998

ALICO, INC.

Computation of Weighted Average Shares Outstanding as of November 30, 1998:

Number of shares outstanding at August 31, 1998	7,027,827
	_____
	_____
Number of shares outstanding at November 30, 1998	7,027,827
	_____
	_____
Weighted Average 9/1/98 - 11/30/98	7,027,827
	_____
	_____

EXHIBIT B



<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET OF ALICO, INC. AND SUBSIDIARY AS OF NOVEMBER 30, 1998 AND THE RELATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME, STOCKHOLDERS' EQUITY, 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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