

Income before income taxes	564,161	985,391
Provision for income taxes	182,129	338,065
Net income	382,032	647,326
Retained earnings beginning of period	70,093,141	68,113,690
Dividends paid	(1,054,174)	(2,459,739)
Retained earnings end of period	69,420,999	66,301,277
Weighted average number of shares outstanding	7,027,827	7,027,827
Per share amounts:		
Net income	\$.05	\$.09
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) November 30, 1996	(Audited) August 31, 1996
ASSETS		
<S>	<C>	<C>
Current assets:		
Cash and cash investments	\$ 1,102,531	\$ 1,428,059
Marketable Securities	10,347,222	9,626,025
Accounts and mortgage notes receivable	8,997,248	10,299,983
Inventories	15,694,511	13,284,527
Prepaid expenses	469,340	124,752
Interest receivable	110,147	113,286
Total current assets	36,720,999	34,876,632
Mortgage notes receivable, non-current	1,496,685	1,531,947
Land held for development and sale	7,889,001	7,777,942
Investments	1,063,184	1,016,526
Other	44,581	-
Property, buildings and equipment	98,134,865	97,029,453
Less: Accumulated depreciation	(28,292,946)	(27,728,927)
Total assets	\$117,056,369	\$114,503,573

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

	(Unaudited) November 30, 1996	(Audited) August 31, 1996
LIABILITIES		
<S>	<C>	<C>
Current liabilities:		
Accounts payable	\$ 1,210,333	\$ 1,070,092
Due to profit sharing plan	-	223,152
Accrued ad valorem taxes	-	1,095,427

Accrued donation (See Note 6)	1,235,461	1,236,340
Accrued expenses	159,684	142,047
Income taxes payable	273,767	190,639
Deferred income taxes	212,080	1,157,169
Note payable to bank - current portion	2,550,000	-
	<hr/>	<hr/>
Total current liabilities	5,641,325	5,114,866
Note payable to bank	22,000,000	20,630,000
Deferred income taxes	12,363,003	11,291,936
Deferred retirement benefits	68,918	84,117
	<hr/>	<hr/>
Total liabilities	40,073,246	37,120,919
	<hr/>	<hr/>
STOCKHOLDERS' EQUITY		
Common stock	\$ 7,027,827	\$ 7,027,827
Unrealized gains on marketable securities	534,297	261,686
Retained earnings	69,420,999	70,093,141
	<hr/>	<hr/>
Total stockholders' equity	76,983,123	77,382,654
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$117,056,369	\$114,503,573
	<hr/>	<hr/>

<FN>

See Accompanying notes to condensed consolidated financial statements.

</TABLE>

<TABLE>
<CAPTION>

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

FORM 10-Q

(Unaudited)

Three Months Ended November 30,
1996 1995

<S>

Cash flows from operating activities:

	<C>	<C>
Net income	\$ 382,032	\$ 647,326
Adjustments to reconcile net income to cash provided from (used for) operating activities:		
Depreciation	1,068,727	1,042,544
Accrued donation	(879)	(98,397)
Net decrease in current assets and liabilities	(2,338,635)	(563,878)
Deferred income taxes	(38,498)	(88,159)
Other	(383,944)	(497,759)
	<hr/>	<hr/>
Net cash provided from (used for) operating activities	(1,311,197)	441,677

Cash flows from (used for) investing activities:

Purchases of property and equipment	(1,896,769)	(1,698,177)
Proceeds from sales of property and equipment	230,069	40,431
Purchases of marketable securities	(1,371,101)	(694,369)
Proceeds from sales of marketable securities	1,097,382	1,270,199
	<hr/>	<hr/>
Net cash used for investing activities	(1,940,419)	(1,081,916)

Cash flows from (used for) financing activities:

Notes receivable collections	60,262	13,626
Repayment of bank loan	(1,950,000)	(3,270,000)
Proceeds from bank loan	5,870,000	6,805,000
Dividends paid	(1,054,174)	(2,459,739)
	<hr/>	<hr/>

Net cash provided from financing activities	2,926,088	1,088,887
---	-----------	-----------

Net increase (decrease) in cash and cash investments	\$ (325,528)	\$ 448,648
--	--------------	------------

Supplemental disclosures of cash flow information:

Cash paid for interest, net of amount capitalized	\$ 225,056	\$ 118,075
	<u> </u>	<u> </u>
Cash paid for income taxes	\$ 137,500	\$ 285,000
	<u> </u>	<u> </u>

<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 November 30, 1996 and August 31, 1996 and the consolidated results of operations and cash flows for the three months ended November 30, 1996 and 1995.

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 \$370,130 in 1996 and \$482,211 in 1995. 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, 1996	August 31, 1996
	<u> </u>	<u> </u>
Unharvested fruit crop on trees	\$ 7,837	\$ 7,064
Unharvested sugarcane	2,317	2,231
Beef cattle	5,479	3,937
Sod	62	53
	<u> </u>	<u> </u>
Total inventories	\$15,695	\$13,285
	<u> </u>	<u> </u>

<TABLE>

<CAPTION>

4. Income taxes:

The provision for income taxes for the quarters ended November 30, 1996 and 1995 is summarized as follows:

	Three Months Ended November 30,	
	1996	1995
	<u> </u>	<u> </u>
<S>	<C>	<C>
Current:		
Federal income tax	\$ 186,901	\$ 348,863
State income tax	33,727	58,322
	<u> </u>	<u> </u>
	220,628	407,185
	<u> </u>	<u> </u>

Deferred:

Federal income tax	(34,785)	(62,452)
State income tax	(3,714)	(6,668)
	<u>(38,499)</u>	<u>(69,120)</u>
Total provision for income taxes	<u>\$ 182,129</u>	<u>\$ 338,065</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, 1996 and 1995:

	Three Months Ended November 30,	
	1996	1995
<S>	<C>	<C>
Expected income tax	\$ 191,815	\$ 335,033
Increase (decrease) resulting from:		
State income taxes, net of federal benefit	20,479	35,770
Nontaxable interest and dividends	(22,939)	(42,100)
Other reconciling items, net	(7,226)	9,362
Total provision for income taxes	<u>\$ 182,129</u>	<u>\$ 338,065</u>

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 potentially 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 this agreement at November 30, 1996 and August 31, 1996 was \$22,000,000 and \$20,630,000, respectively.

Interest cost expensed and capitalized during the three months ended November 30, 1996 and November 30, 1995 was as follows:

	1996	1995
Interest expensed	\$248,943	\$136,311
Interest capitalized	139,699	175,990
Total interest cost	<u>\$388,642</u>	<u>\$312,301</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 increased to \$31,079,674 at November 30, 1996, up from \$29,761,766 at August 31, 1996. As of November 30, 1996, the Company had cash and cash investments of \$1,102,531 compared to \$1,428,059 at August 31, 1996. Marketable securities increased from \$9,626,025 to \$10,347,222 during the same period. The ratio of current assets to current liabilities decreased from 6.82 to 1 at August 31, 1996 to 6.51 to 1 at November 30, 1996. Total assets increased by \$2,552,796 from \$114,503,573 at August 31, 1996 to \$117,056,369 at November 30, 1996.

The working capital increase (\$1,317,908) is primarily the result of an increase in inventories (\$13,284,527 vs. \$15,694,511 at August 31, 1996 and November 30, 1996, respectively). Additional costs incurred to produce citrus crops, and placement of cattle into western feedlots have caused both citrus and beef inventories to increase.

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 \$5.4 million at November 30, 1996.

RESULTS OF OPERATIONS:

Net income for fiscal 1997 decreased by \$265,294 when compared to the first quarter of fiscal 1996. Income before income taxes decreased \$421,230 during the first quarter of fiscal 1997, when compared to the same period a year ago. The decrease was primarily due to a decline in earnings from agricultural activities (\$826,845 vs. \$1,136,019 during the first three months of fiscal 1997 and 1996, respectively).

Citrus earnings decreased during the first quarter of fiscal 1997, when compared to the same period last year (\$304,440 vs. \$795,512). While the number of boxes harvested to date are below the first quarter of fiscal 1996 levels, this is a matter of timing and the difference will reverse as the year progresses. Market prices, however, are below the same period a year ago, a trend which is expected to continue through the end of the fiscal year.

Sugarcane earnings also decreased during the first quarter of fiscal 1997, compared to the same period a year ago, (\$249,569 vs. \$334,852 during fiscal 1997 and 1996, respectively). Fewer tons were harvested in the first quarter of fiscal 1997, compared to the first quarter a year ago, due to adverse growing conditions which reduced yields for the current year's crop. Yields for the year are expected to remain below the prior year.

FORM 10-Q

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

Earnings from ranching activities improved during the first quarter of fiscal 1997, compared to the first quarter a year ago (\$272,836 during the first quarter of fiscal 1997, compared to \$5,655 during the first quarter of fiscal 1996). 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.

Actual construction is underway for 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 December of 1996, the Company sold approximately 21,700 acres of land, in Hendry County, Florida, to the State of Florida for \$11.5 million. This sale is expected to generate a pretax gain in excess of \$11 million.

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 August 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 November 30, 1996.
- C. Exhibit 27 - Financial Data Schedule.

(b) Reports on Form 8-K.

December 3, 1996.

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 13, 1997
Date

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

January 13, 1997
Date

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

January 13, 1997
Date

Patrick W. Murphy
Controller
(Signature)

EXHIBIT A

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, 1996, and the related condensed consolidated statements of operations and retained earnings for the three-month periods ended November 30, 1996 and 1995, and the related condensed consolidated statements of cash flows for the three-month periods ended November 30, 1996 and 1995, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit 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
January 3, 1997

FORM 10-Q

ALICO, INC.

Computation of Weighted Average Shares Outstanding as of November 30, 1996:

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

Number of shares outstanding at November 30, 1996	7,027,827

Weighted Average 9/1/96 - 11/30/96	7,027,827

EXHIBIT B

</TABLE>

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET OF ALICO, INC. AND SUBSIDIARY AS OF NOVEMBER 30, 1996 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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