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

There were 7,027,827 shares of common stock, par value $1.00 per share, outstanding at July , 1998.

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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		(Unaudited) Nine Months Ended	
	May 31, 1998	May 31, 1997	May 31, 1998	May 31, 1997
<S>	<C>	<C>	<C>	<C>
Revenue:				
Citrus	$ 7,692,572	$ 8,526,853	$19,880,035	$20,445,952
Sugarcane	1,529,918	152,949	6,026,361	4,748,375
Ranch	1,898,400	1,741,367	6,141,814	4,240,827
Rock products and sand	334,033	297,382	909,701	908,644
Oil lease and land rentals	157,199	245,444	421,208	532,680
Forest products	27,216	88,305	109,329	160,299
Gain on sales of real estate	448,871	15,311	1,082,243	11,422,994
Interest and investment income	555,854	353,298	1,175,891	948,126
Other	24,948	28,881	67,623	87,749
Total revenue	12,669,011	11,449,790	35,814,205	43,495,646
Cost and expenses:				
Citrus production, harvesting and marketing	6,069,739	5,915,914	16,070,376	16,301,333
Sugarcane production and harvesting	824,211	-	4,539,847	4,091,272
Ranch	1,686,088	1,642,271	5,519,118	3,551,749
Real estate expenses	117,652	125,349	332,071	355,094
Interest	256,106	73,113	634,436	382,388
Other, general and administrative	639,594	547,708	1,897,692	1,876,705
Total costs and expenses	9,593,390	8,304,355	28,993,540	26,558,541
Income before income taxes	3,075,621	3,145,435	6,820,665	16,937,105

Provision for income taxes	1,173,587	1,153,420	2,521,055	6,305,941
Net income	1,902,034	1,992,015	4,299,610	10,631,164
Retained earnings beginning of period	78,392,539	77,678,116	80,211,659	70,093,141
Dividends paid	-	-	(4,216,696)	(1,054,174)
Retained earnings end of period	$80,294,573	$79,670,131	$80,294,573	$79,670,131
Weighted average number of shares outstanding	7,027,827	7,027,827	7,027,827	7,027,827
Per share amounts:				
Earnings - Basic and Diluted	$ .27	$ .28	$ .61	$ 1.51
Dividends	$ -	$ -	$ .60	$ .15

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

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ALICO, INC. AND SUBSIDIARY FORM 10-Q
CONDENSED CONSOLIDATED BALANCE SHEETS
(See Accountants' Review Report)

ASSETS	(Unaudited) May 31, 1998	(Audited) August 31, 1997
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Current assets:		
Cash and cash investments	$ 682,333	$ 1,459,765
Marketable Securities	13,392,724	11,412,915
Accounts and mortgage notes receivable	10,814,471	8,358,049
Inventories	14,079,153	16,387,128
Other current assets	403,722	269,463
Total current assets	39,372,403	37,887,320
Mortgage notes receivable, non-current	531,097	588,860
Land held for development and sale	8,673,138	8,345,116
Investments	1,130,146	955,779
Property, buildings and equipment	98,972,968	96,709,440
Less: Accumulated depreciation	(28,834,146)	(26,763,790)
Total assets	$119,845,606	$117,722,725

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

<S> LIABILITIES	(Unaudited) May 31, 1998	(Audited) August 31, 1997
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Current liabilities:		
Accounts payable	$ 1,400,170	$ 1,158,012
Due to profit sharing plan	-	230,545
Accrued ad valorem taxes	1,121,714	1,253,053
Accrued expenses	273,109	541,847

Income taxes payable	662,085	934,895
Deferred income taxes	1,319,960	869,763
Total current liabilities	4,777,038	4,988,115
Notes payable to banks	15,075,000	12,856,000
Deferred income taxes	11,491,804	11,712,806
Deferred retirement benefits	79,984	13,259
Total liabilities	31,423,826	29,570,180
STOCKHOLDERS' EQUITY		
Common stock	$ 7,027,827	$ 7,027,827
Unrealized gains on marketable securities	1,099,380	913,059
Retained earnings	80,294,573	80,211,659
Total stockholders' equity	88,421,780	88,152,545
Total liabilities and stockholders' equity	$119,845,606	117,722,725

<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) Nine Months Ended May 31, 1998	1997
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$ 4,299,610	$10,631,164
Adjustments to reconcile net income to cash provided from (used for) operating activities:		
Depreciation	3,415,600	3,164,047
Accrued donation	(206,676)	(689,628)
Cash provided by (used for) changes in current assets and liabilities	(1,192,318)	2,741,913
Deferred income taxes	116,782	(304,615)
Gain on sales of real estate	(1,082,243)	(11,422,994)
Other	(1,132,440)	(590,656)
Net cash provided from operating activities	4,218,315	3,529,231
Cash flows from (used for) investing activities:		
Purchases of property and equipment	(3,155,021)	(4,723,303)
Proceeds from sales of real estate	1,157,153	11,306,136
Proceeds from sales of other property and equipment	355,930	604,970
Purchases of marketable securities	(4,466,407)	(3,605,669)
Proceeds from sales of marketable securites	3,090,054	3,514,575
Net cash provided by (used for) investing activities	(3,018,291)	7,096,709
Cash flows from (used for) financing activities:		
Notes receivable collections	20,240	431,964
Repayment of bank loan	(16,011,000)	(22,243,000)
Proceeds from bank loan	18,230,000	12,194,000
Dividends paid	(4,216,696)	(1,054,174)
Net cash used for financing activities	(1,977,456)	(10,671,210)
Net decrease in cash and cash investments	$ (777,432)	$ (45,270)

Supplemental disclosures of cash flow information:

Cash paid for interest, net of amount capitalized	$ 2,761,430	$ 366,647
Cash paid for income taxes	$ 543,959	$ 4,029,884

<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 necessary for a fair presentation of its consolidated financial position at May 31, 1998 and August 31, 1997 and the consolidated results of operations for the three months and nine months ended May 31, 1998 and 1997 and cash flows for the nine months ended May 31, 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 $2,656,629 in 1998 and $1,007,211 in 1997. 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:

	May 31, 1998	August 31, 1997
Unharvested fruit crop on trees	$ 5,750	$ 6,909
Unharvested sugarcane	1,473	2,322
Beef cattle	6,571	6,993
Sod	285	163
Total inventories	$14,079	$16,387

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4. Income taxes:

The provision for income taxes for the quarters and nine months ended May 31, 1998 and 1997 is summarized as follows:

	Three Months Ended		Nine Months Ended	
	May 31, 1998	May 31, 1997	May 31, 1998	May 31, 1997
<S>	<C>	<C>	<C>	<C>
Current:				
Federal income tax	$ 893,001	$ 841,521	$2,113,937	$5,640,170
State income tax	181,212	139,743	348,148	960,165
	1,074,213	981,264	2,462,085	6,600,335
Deferred:				
Federal income tax	89,787	166,693	53,281	(254,853)
State income tax	9,587	5,463	5,689	(39,541)

	99,374	172,156	58,970	(294,394)
Total provision for income taxes	$1,173,587	$1,153,420	$2,521,055	$6,305,941

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 nine months ended May 31, 1998 and May 31, 1997:

	Three Months Ended		Nine Months Ended	
	May 31, 1998	May 31, 1997	May 31, 1998	May 31, 1997
<S>	<C>	<C>	<C>	<C>
Expected income tax	$1,045,711	$1,138,819	$2,319,026	$5,827,987
Increase (decrease) resulting from:				
State income taxes, net of federal benefit	111,645	110,363	247,590	611,001
Nontaxable interest and dividends	(17,210)	(28,655)	(68,183)	(81,084)
Other reconciling items, net	33,441	(67,107)	22,622	(51,963)
Total provision for income taxes	$1,173,587	$1,153,420	$2,521,055	$6,305,941

The Company is currently under examination by the Internal Revenue Service for the years ended August 31, 1991, 1992, 1993 and 1994. 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. 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. 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 million which is due in January 1999 and up to $3 million which is due on demand. The total amount of long-term debt under this agreement at May 31, 1998 and August 31, 1997 was $15,075,000 and $12,856,000, respectively.

Interest cost expensed and capitalized during the nine months ended May 31, 1998 and May 31, 1997 was as follows:

	1998	1997
Interest expensed	$634,436	$382,388
Interest capitalized	257,106	450,626
Total interest cost	$891,542	$833,014

6. Accounting Statements to be Adopted During the Next Fiscal Year:

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." This statement establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains, and losses) in a full set of general-purpose financial statements. This statement requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. The statement also requires that an enterprise (a) classify items of other comprehensive income by their nature in a financial statement and (b) display the accumulated balance of other income separately from retained earnings and additional paid-in capital in the equity section of a statement of financial position. The statement is required for fiscal years beginning after December 15, 1997.

6. Accounting Statements to be Adopted During the Next Fiscal Year (Continued):

The adoption of this standard will require the Company to disclose as a component of comprehensive income, the unrealized gains or losses on investment securities available for sale and any unrealized gains or losses resulting from futures options or contracts held as a hedge.

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131, "Disclosure about Segments of an Enterprise and Related Information." This statement establishes standards for the way that public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. The statement is required for fiscal years beginning after December 15, 1997.

The adoption of this standard may change the presentation of the Company's consolidated financial statements.

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 $34,595,365 at May 31, 1998, up from $32,899,205 at August 31, 1997. As of May 31, 1998, the Company had cash and cash investments of $682,333 compared to $1,459,765 at August 31, 1997. Marketable securities increased from $11,412,915 to $13,392,724 during the same period. The ratio of current assets to current liabilities increased from 7.60 to 1 at August 31, 1997 to 8.24 to 1 at May 31, 1998. Total assets increased by $2,122,881 from $117,722,725 at August 31, 1997 to $119,845,606 at May 31, 1998.

The working capital increase of $1,696,160 is largely resulting from an increase in accounts receivable. Sales of sugarcane and citrus have generated the 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 $14.9 million at May 31, 1998.

RESULTS OF OPERATIONS:

Net income for the three months ending May 31, 1998 decreased by $89,981 when compared to the third quarter of fiscal 1997, and $6,331,554 when compared to the nine month period then ended. Income before income taxes decreased $69,814 and $10,116,440 for the three and nine months ended May 31, 1998, 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 in fiscal year 1997. The pretax gain from the sale totaled $11.1 million.

Earnings from agriculture activities increased over the prior year's nine month total ($5,918,869 vs. $5,490,800 during the first nine months of fiscal 1998 and 1997, respectively), but decreased slightly when compared to the three month totals of the prior year ($2,540,852 vs. $2,862,984 for the third quarter of fiscal 1998 and 1997, respectively).

Citrus earnings decreased both for the quarter ($1,622,833 during fiscal 1998 vs. $2,610,939 during fiscal 1997) and for the nine months ($3,809,659 during fiscal 1998 vs. $4,144,619 during fiscal 1997) ended May 31, 1998 when compared to the prior year. A decline in the current year's prices for citrus products is the reason for the decline in earnings of this division.

Sugarcane earnings were higher for both the quarter ($705,707 during fiscal 1998 vs. $152,949 during fiscal 1997) and for the nine months ended May 31, 1998 ($1,486,514 in 1998 vs. $657,103 in 1997) when compared to the prior year. Improved yields per acre, combined with an increase in the number of producing acres, resulted in an increase in gross tons harvested from the prior year.

Ranch earnings approximated those of a year ago for both the quarter and nine months ended May 31, 1998 when compared to the prior year ($212,312 vs. $99,096 for the three months ended May 31, 1998 and May 31, 1997, respectively), and ($622,696 vs. $689,078 for the nine months ending May 31, 1998 and May 31, 1997, respectively).

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 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 June of 1998, the Company announced the purchase of approximately 8,400 acres in Hendry County, Florida, for $8.1 million. Funds for the purchase are expected to come from current operations and unused credit availability.

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, 1998.

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 , 1998 Date	W. Bernard Lester President Chief Operating Officer (Signature)
July , 1998 Date	L. Craig Simmons Vice President Chief Financial Officer (Signature)
July , 1998 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, 1998, and the related condensed consolidated statements of operations and retained earnings for the three-month and nine-month periods ended May 31, 1998 and 1997, and the related condensed consolidated statements of cash flows for the nine-month periods ended May 31, 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, 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
June 24, 1998

FORM 10-Q

ALICO, INC.

Computation of Weighted Average Shares Outstanding as of May 31, 1998:

Number of shares outstanding at August 31, 1997	7,027,827
Number of shares outstanding at May 31, 1998	7,027,827
Weighted Average 09/01/97 - 05/31/98	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 MAY 31, 1998 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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