SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10 Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended JANUARY 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 1-8929

ABM INDUSTRIES INCORPORATED

(Exact name of registrant as specified in its charter)

DELAWARE	94-1369354
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

50 FREMONT STREET, 26TH FLOOR, SAN FRANCISCO, CALIFORNIA 94105

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (415) 597-4500

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 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 ___

Number of shares of Common Stock outstanding as of January 31, 1997: 19,980,753

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands except share amounts)

ASSETS:	OCTOBER 31, 1996	JANUARY 31, 1997
		(Unaudited)
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,567	$ 6,361
Accounts receivable, net	183,716	185,352
Inventories	16,492	19,207
Deferred income taxes	11,684	12,429
Prepaid expenses and other current assets	20,296	21,600
Total current assets	233,755	244,949
INVESTMENTS AND LONG-TERM RECEIVABLES	15,941	15,876
PROPERTY, PLANT AND EQUIPMENT, AT COST:		
Land and buildings	4,750	4,981
Transportation equipment	9,750	10,236
Machinery and other equipment	39,899	40,437
Leasehold improvements	8,202	8,418
	62,601	64,072
Less accumulated depreciation and amortization	(40,031)	(41,445)
Property, plant and equipment, net	22,570	22,627
INTANGIBLE ASSETS - NET	76,366	80,763
DEFERRED INCOME TAXES	22,046	22,204
OTHER ASSETS	9,092	8,473
	$ 379,770	$ 394,892

(continued)

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands except share amounts)

LIABILITIES AND STOCKHOLDERS' EQUITY:	OCTOBER 31, 1996	JANUARY 31, 1997
		(Unaudited)
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 902	$ 933
Bank overdraft	4,935	6,026
Trade accounts payable	27,091	26,555
Income taxes payable	1,864	5,921
Accrued Liabilities:		
Compensation	27,862	24,443
Taxes - other than income	9,952	12,338
Insurance claims	23,256	23,633
Other	17,936	21,773
Total current liabilities	113,798	121,622
Long-Term Debt (less current portion)	33,664	27,763
Retirement plans	10,140	11,875
Insurance claims	51,475	52,149
Total Liabilities	209,077	213,409
SERIES B 8% SENIOR REDEEMABLE CUMULATIVE PREFERRED STOCK	6,400	6,400
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.01 par value, 500,000 shares authorized; none issued	_	_
Common stock, $.01 par value, 28,000,000 shares authorized; 19,489,000 and 19,981,000 shares issued and outstanding at October 31, 1996 and January 31, 1997, respectively	195	200
Additional capital	48,548	56,619
Retained earnings	115,550	118,264
Total stockholders' equity	164,293	175,083
	$ 379,770	$ 394,892

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In Thousands Except per Share Amounts)

	THREE MONTHS ENDED JANUARY 31 1996	THREE MONTHS ENDED JANUARY 31 1997
REVENUES AND OTHER INCOME	$ 254,401	$ 291,638
EXPENSES:		
Operating Expenses and Cost of Goods Sold	220,458	252,751
Selling, General and Administrative	25,992	29,645
Interest	849	897
Total Expenses	247,299	283,293
INCOME BEFORE INCOME TAXES	7,102	8,345
INCOME TAXES	3,054	3,505
NET INCOME	$ 4,048	$ 4,840
EARNINGS PER COMMON SHARE	$ 0.20	$ 0.22
DIVIDENDS PER COMMON SHARE	$ 0.0875	$ 0.10
AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	19,796	21,416

Per share amounts have been restated to retroactively reflect the two-for-one common stock split on July 15, 1996

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED JANUARY 31, 1996 AND 1997
(In Thousands)

	JANUARY 31, 1996	JANUARY 31, 1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 249,679	$ 293,224
Other operating cash receipts	573	743
Interest received	94	151
Cash paid to suppliers and employees	(247,036)	(277,882)
Interest paid	(1,034)	(799)
Income taxes paid	(820)	(351)
Net cash provided by operating activities	1,456	15,086
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(3,216)	(1,976)
Proceeds from sale of assets	221	144
(Increase) decrease in investments and long-term receivable	(4,852)	65
Intangible assets acquired	(926)	(791)
Net cash used in investing activities	(8,773)	(2,558)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Common stock issued	1,478	1,976
Dividends paid	(1,776)	(2,126)
(Decrease) increase in cash overdraft	(434)	1,086
Increase in notes payable	-	31
Long-term borrowings	32,000	14,112
Repayments of long-term borrowings	(24,013)	(22,813)
Net cash provided by (used in) financing activities	7,255	(7,734)
NET (DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS	(62)	4,794
CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD	1,840	1,567
CASH AND CASH EQUIVALENTS END OF PERIOD	$ 1,778	$ 6,361

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED JANUARY 31, 1996 AND 1997
(In Thousands)

	JANUARY 31, 1996	JANUARY 31, 1997
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Income	$ 4,048	$ 4,840
Adjustments:		
Depreciation and amortization	3,092	3,783
Provision for bad debts	448	497
Gain on sale of assets	(164)	(10)
Deferred income taxes	(959)	(903)
(Increase) decrease in accounts receivable	(4,427)	1,291
Increase in inventories	(98)	(2,379)
Increase in prepaid expenses and other current assets	(688)	(1,223)
(Increase) decrease in other assets	(1,996)	619
Increase in income taxes payable	3,193	4,057
Increase in retirement plans accrual	644	1,735
Increase in insurance claims liability	1,077	1,051
(Decrease) increase in accounts payable and other accrued liabilities	(2,714)	1,728
Total Adjustments to net income	(2,592)	10,246
Net Cash Provided by Operating Activities	$ 1,456	$ 15,086

ABM INDUSTRIES INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. GENERAL

In the opinion of management, the accompanying unaudited consolidated financial statements contain all material adjustments which are necessary to present fairly the Company's financial position as of January 31, 1997 and the results of operations and cash flows for the three months then ended. These adjustments are of a normal, recurring nature.

These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Form 10K filed for the fiscal year ended October 31, 1996 with the Securities and Exchange Commission.

2. EARNINGS PER SHARE

NET INCOME PER COMMON SHARE: Net income per common and common equivalent share, after the reduction for preferred stock dividends in the amount of $128,000 during the three months ended January 31, 1997, is based on the weighted average number of shares outstanding during the year and the common stock equivalents that have a dilutive effect. Net income per common share assuming full dilution is not significantly different than net income per share as reported.

On June 18, 1996, the Company's Board of Directors approved a two-for-one stock split, payable to shareholders of record as of the close of business on July 15, 1996. A total of 9,669,000 shares of common stock were issued in connection with the stock split. All share and per share amounts have been restated to retroactively reflect the common stock split.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

Funds provided from operations and bank borrowings have historically been the sources for meeting working capital requirements, financing capital expenditures and acquisitions, and paying cash dividends. Management believes that funds from these sources will remain available and adequately serve the Company's liquidity needs. The Company has an unsecured revolving credit agreement with a syndicate of U.S. banks. This agreement has a $125 million line of credit expiring September 22, 1998, which at the Company's option, may be extended one year. At the Company's option, the credit facility provides interest at the prime rate or IBOR+.45%. As of January 31, 1997, the total amount outstanding was approximately $83 million, which was comprised of loans in the amount of $22 million and standby letters of credit of $61 million. This agreement requires the Company to meet certain financial ratios and places some limitations on dividend payments and outside borrowing. The Company is prohibited from declaring or paying cash dividends exceeding 50% of its net income for any fiscal year. In February 1996, the Company entered into a loan agreement with a major U.S. bank which provides a seven-year term loan of $5 million at a fixed interest rate of 6.78 %. Annual payments of principal and interest in varying amounts are due February 15, 1997 through February 15, 2003. The Company also has a 9.35% note payable to an insurance company with a remaining amount of $1,272,000. Interest is payable monthly and principal amounts of $636,000 are due annually through October 1, 1998. The Company's effective interest rate for all borrowings for the quarter ended January 31, 1997 was 6.89%.

At January 31, 1997, working capital was $123.3 million, as compared to $120.0 million at October 31, 1996.

EFFECT OF INFLATION

The low rates of inflation experienced in recent years had no material impact on the financial statements of the Company. The Company attempts to recover inflationary costs by increasing sales prices to the extent permitted by contracts and competition.

ENVIRONMENTAL MATTERS

The nature of the Company's operations, primarily services, would not ordinarily involve it in environmental contamination. However, the Company's operations are subject to various federal, state and/or local laws regulating the discharge of materials into the environment or otherwise relating to the protection of the environment, such as discharge into soil, water and air, and the generation, handling, storage, transportation and disposal of waste and hazardous substances.

These laws generally have the effect of increasing costs and potential liabilities associated with the conduct of the Company's operations, although historically they have not had a material adverse effect on the Company's financial position or its results of operations.

The Company is currently involved in three proceedings relating to environmental matters: one involving alleged potential groundwater contamination at a Company facility in Florida; one involving alleged soil contamination at a former Company facility in Arizona; and, one involving a claim under Proposition 65 in California relating to an alleged failure to post statutory warning signs in Company operated parking garages. While it is difficult to predict the ultimate outcome of these matters, based on information currently available, management believes that none of these matters, individually or in the aggregate, are reasonably likely to have a material adverse affect on the Company's financial position or its results of operations.

ACQUISITIONS

The operating results of businesses acquired have been included in the accompanying consolidated financial statements from their respective dates of acquisition.

Effective November 1, 1996, the Company, through one of its subsidiaries, acquired the operations and net assets of Sica Electrical and Maintenance Corp., of Ozone Park, New York. Sica Electrical and Maintenance Corp. is an electrical and lighting maintenance company which operates in the greater New York City metropolitan area, New Jersey, up-state New York, Pennsylvania, and Connecticut. In connection with this acquisition, the Company issued 348,323 of its common shares at the time of closing and will make additional payments in common shares over a five-year period based on the operating profits (income before taxes and interest) of the acquired business. A maximum of 348,323 common shares may be issued in connection with future payments. Effective November 1, 1996, the Company's earnings per common share calculation includes the 696,646 shares issued and to be issued under the contract with the sellers. The Company estimates that in fiscal 1997 this acquisition will contribute approximately $15 million in revenues.

RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements of the Company. All information in the discussion and references to the years and quarters are based on the Company's fiscal year and first quarter which end on October 31 and January 31, respectively.

THREE MONTHS ENDED JANUARY 31, 1997 VS. THREE MONTHS ENDED JANUARY 31, 1996

Revenues and other income (hereafter called revenues) for the first three months of fiscal year 1997 were $292 million compared to $254 million in 1996, a 15% increase over the same quarter of the prior year. This growth was attributable to new business and price increases as well as revenues generated from acquisitions. For the quarter ended January 31, 1997, the increase in revenues relating to acquisitions made during fiscal 1996 was approximately $11 million on a total revenue increase of $38 million.

Net income for the first quarter of 1997 was $4,840,000, an increase of 20%, compared to the net income of $4,048,000 for the first quarter of 1996. Due to the increase in the average number of common and common equivalent shares outstanding, earnings per share rose 10% to 22 cents for the first quarter of 1997 compared to 20 cents for the same period in 1996. Cost controls, coupled with revenue growth, enabled the Company to realize improved earnings. As a percentage of revenues, operating expenses and cost of goods sold were 86.7% for the first quarter of 1997, the same percentage as in 1996. Consequently, as a percentage of revenues, the Company's gross profit (revenue minus operating expenses and cost of goods sold) of 13.3% was the same as the first quarter of 1996. The gross profit percentage remained constant despite stiff competition in the market place faced by most of the Company's divisions.

Selling, general and administrative expenses for the first three months of fiscal year 1997 were $29.6 million compared to $26.0 million for the corresponding three months of fiscal year 1996. As a percentage of revenues, selling, general and administrative expenses decreased slightly, from 10.21% for the three months ended January 31, 1996, to 10.16% for the same period in 1997 primarily as a result of management's cost containment measures. The increase in the dollar amount, $3.7 million, of selling, general and administrative expenses for the three months ended January 31, 1997, compared to the same period in 1996, is primarily due to expenses necessary for growth and to a lesser extent various expenses associated with acquisitions.

Interest expense was $897,000 for the first three months of fiscal year 1997 compared to $849,000 in 1996, an increase of $48,000 over the same period of the prior fiscal year. This increase was primarily due to higher weighted average borrowings during the first quarter of 1997.

The pre-tax income for the first quarter of 1997 was $8,345,000 compared to $7,102,000, an increase of 18% over the same quarter of 1996. The growth in pre-tax income outpaced the revenue growth for the current quarter of 1997 due primarily to the realization of operating economies related to the integration of recent acquisitions with existing operations which resulted in lower selling, general and administrative expenses as a percentage of revenue.

The estimated effective income tax rate for the first three months of 1997 was 42%, compared to 43% in the first three months of 1996. The lower tax rate was due to an expected increase in tax credits.

The results of operations from the Company's three industry segments and its eight operating divisions for the three months ended January 31, 1997, as compared to the three months ended January 31, 1996, are more fully described below:

Revenues of the Janitorial Divisions segment, which includes American Building Maintenance (also known as ABM Janitorial Services) and Easterday Janitorial Supply, for the first quarter of fiscal year 1997 were $166 million, an increase of approximately $24 million, or 17% over the first quarter of fiscal 1996, while its operating profits increased by 14% over the comparable quarter of 1996. This is the Company's largest segment and accounted for approximately 57% of the Company's total revenues for the current quarter. AMERICAN BUILDING MAINTENANCE'S revenues increased by 17% during the first quarter of fiscal year 1997 as compared to the same quarter of 1996 both as a result of several acquisitions made during the latter half of fiscal year 1996 and revenue growth in nearly all of its regions. This Division's operating profits increased 13% when compared to the same period last year. The increase in operating profits is principally due to reductions in insurance and labor-related expenses. The Division also successfully controlled its selling, general and administrative expenses relative to the increase in revenues. EASTERDAY JANITORIAL SUPPLY'S first quarter revenue increased by approximately 14% compared to the same quarter in 1996 generally due to strong sales in the Los Angeles and San Francisco markets. An increase of 22% in operating profits was achieved because of higher sales and an improved gross margin percentage.

Revenues of the Public Service Divisions segment, which includes Ampco System Parking and American Commercial Security Services (also known as "ACSS" and "ABM Security Services"), for the first quarter of 1997 were approximately $58 million, a 9% increase over the same quarter of fiscal year 1996. Public Service Divisions accounted for approximately 20% of the Company's revenues. However, the operating profits of this segment decreased by 7% as both of its divisions reported lower profits when compared to the prior year quarter. AMERICAN COMMERCIAL SECURITY SERVICES reported an increase in revenues of 16%, but its profits were down by 3% in the first quarter of 1997 compared to the same period of 1996. The revenue growth was largely due to an acquisition in Minneapolis in May 1996 as well as other new business, particularly in its Southern California Region. The small decrease in operating profit was primarily due to increased labor costs related to the acquisition in Minneapolis and an increase in unbillable overtime throughout the Division. AMPCO SYSTEM PARKING Division's revenues increased by 4%, while its profits declined 11% during the first quarter of fiscal year 1997 compared to the first quarter of 1996. The increase in revenues was mostly due to growth in its airport business. The operating profit decrease was due for the most part to lower profit margins as a result of increased legal and insurance costs in the division's Northern California and Pacific Northwest operations, as well as replacement of several leases in Colorado upon expiration with less profitable management agreements.

The Company's Technical Divisions segment includes Amtech Elevator Services, ABM Engineering Services, Amtech Lighting Services and CommAir Mechanical Services. This segment reported revenues of $68 million, which represent approximately 23% of the Company's revenues for the first quarter of fiscal year 1997. This represents an increase of approximately 15% over the same quarter of last year due to increases in revenues reported by its all divisions. Operating profit of this segment increased 62% compared to the first quarter of 1996 due to significant increases in operating profits of its Elevator and Lighting divisions, offset by small decreases in its CommAir Mechanical and ABM Engineering divisions. Revenues for AMTECH ELEVATOR SERVICES were up by 15% for the first quarter of fiscal year 1997 over the same quarter of 1996 largely due to an increased customer base in the maintenance and repair sector. The Division posted a dramatic increase in operating profit for the first quarter compared to the corresponding quarter of fiscal year 1996. This increase can be attributed primarily to the sale during the second quarter of 1996 of its Mexican subsidiary, which incurred losses in the same quarter of the prior year. ABM ENGINEERING SERVICES' revenues increased by 8% but its operating profits declined 8% for the first quarter of 1997 compared to the same period in 1996. Revenue increases were recorded by most of its regions reflecting increased penetration into new markets as well as increased sales to existing customers. The decrease in operating profits resulted from a combination of lower margins on fixed price contracts, increased insurance costs, and an increase in selling, general and administrative costs. AMTECH LIGHTING

SERVICES Division reported a 23% revenue increase due almost entirely to the acquisition of Sica Electrical and Maintenance of New York, which was effective November 1, 1996. Operating profits increased by 138% during the first quarter of fiscal year 1997 compared to the same quarter of the prior year primarily due to this acquisition and lower direct costs. COMMAIR MECHANICAL SERVICES Division's revenues increased by 16% resulting primarily from additional energy management and installation contracts. Operating profits for the first quarter of 1997 decreased by 9% from the prior year first quarter results. This decrease for the current year quarter was a result of an increase in selling, general and administrative expenses proportionately greater than the increase in gross margin.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings - not applicable.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

Exhibit 27.1 - Financial Data Schedule.

(b) Reports on Form 8-K: No reports on Form 8-K were filed during the quarter ended January 31, 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.

ABM Industries Incorporated

March 14, 1997	/s/ David H. Hebble
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	Vice President, Principal Financial Officer

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