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 the quarterly period ended July 31, 1994

Commission File No. 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 Number)
50 Fremont Street Suite 2600 San Francisco, CA	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 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 [ ]

Number of shares of Common Stock outstanding as of July 31,1994: 8,978,000.

PART I FINANCIAL INFORMATION

Item 1 Financial Statements

ABM INDUSTRIES INCORPORATED
CONSOLIDATED BALANCE SHEETS
(In Thousands of dollars)

	October 31, 1993	July 31, 1994 (Unaudited)
Current Assets:		
Cash and time deposits	$ 1,688	$ 459
Accounts and other receivables, net	127,908	136,283
Inventories and supplies	16,288	15,605
Deferred income taxes	10,960	11,152
Prepaid expenses	10,089	12,390
Total current assets	166,933	175,889
Investments and Long-Term Receivables	7,129	7,037
Property, Plant and Equipment, at Cost:		
Land and buildings	5,364	5,924
Transportation and equipment	7,727	8,366
Machinery and other equipment	29,415	32,696
Leasehold improvements	8,332	9,055
	50,838	56,041
Less accumulated depreciation and amortization	(33,795)	(36,316)
Property, plant and equipment, net	17,043	19,725
Intangible Assets	57,785	61,629
Deferred Income Taxes	13,307	14,202
Other Assets	5,943	6,179
	$ 268,140	$ 284,661

See accompanying Notes to Consolidated Financial Statements

	October 31, 1993	July 31, 1994 (Unaudited)
Current Liabilities		
Notes payable	$ -	$ 5,000
Current portion of long-term debt	682	647
Bank overdraft	4,231	-
Accounts payable, trade	17,863	20,137
Income taxes payable:	3,203	1,401
Accrued Liabilities:		
Compensation	16,695	16,413
Taxes - other than income	8,474	8,856
Insurance claims	25,608	26,065
Other	13,564	13,659
Total current liabilities	90,320	92,178
Long-Term Debt (less current portion)	20,937	22,938
Retirement plans	4,574	5,629
Insurance claims	35,721	37,853
Series B 8% Senior redeemable cumulative preferred stock	6,400	6,400
Stockholders' Equity:		
Preferred stock, $0.1 par value, 500,000 shares authorized; none issued	-	-
Common stock, $.01 par value, 12,000,000 shares authorized; 8,778,000 and 8,978,000 shares issued and outstanding at October 31, 1993 and July 31, 1994, respectively	88	90
Additional capital	31,244	34,240
Retained earnings	78,856	85,333
Total stockholders' equity	110,188	119,663
	$ 268,140	$ 284,661

See accompanying Notes to Consolidated Financial Statements

ABM INDUSTRIES INCORPORATED

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

(In Thousands Except per Share Amounts

	For the Three Months Ended July 31 1993	1994	For the Nine Months Ended July 31 1993	1994
REVENUES AND OTHER INCOME	$ 192,203	$ 224,965	$ 568,071	$ 651,676
EXPENSES:				
Operating Expenses and Cost of Goods Sold	163,813	194,403	485,558	560,517
Selling and Administrative	22,076	22,660	66,459	71,202
Interest	484	1,303	1,560	2,763
Total Expenses	186,373	218,366	553,577	634,482
INCOME BEFORE INCOME TAXES	5,830	6,599	14,494	17,194
INCOME TAXES	2,448	2,453	6,087	6,903
NET INCOME	$ 3,382	$ 4,146	$ 8,407	$ 10,291
NET INCOME PER COMMON SHARE	$ 0.39	$ 0.45	$ 0.98	$ 1.12
DIVIDENDS PER COMMON SHARE	$ 0.125	$ 0.125	$ 0.375	$ 0.375
AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	8,675	8,942	8,613	8,872

See accompanying Notes to Consolidated Financial Statements

ABM INDUSTRIES INCORPORATED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

FOR THE NINE MONTHS ENDED JULY 31, 1993 AND 1994

(In Thousands of Dollars)

	July 31, 1993	July 31, 1994
Cash Flows from Operating Activities:		
Cash received from customers	$ 567,603	$ 638,764
Other operating cash receipts	1,867	1,440
Interest received	563	286
Cash paid to suppliers and employees	(546,186)	(617,892)
Interest paid	(2,122)	(3,120)
Income taxes paid	(6,702)	(9,792)
Net cash provided by operating activities	15,023	9,686
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(4,519)	(6,872)
Proceeds from sale of assets	297	414
(Increase) decrease in investments and long-term receivables	805	92
Intangibles resulting from acquisitions	(6,298)	(6,468)
Net cash used in investing activities	(9,715)	(12,834)
Cash Flows from Financing Activities:		
Common stock issued	2,824	2,998
Dividends paid	(3,242)	(3,814)
Increase(decrease) in cash overdraft	-	(4,231)
Increase(decrease) in notes payable	(1,348)	4,966
Long-term borrowings	-	22,000
Repayments of long-term borrowings	-	(20,000)
Net cash provided by financing activities	(1,766)	1,919
Net Increase (Decrease) in Cash and Cash Equivalents	3,542	(1,229)
Cash and Cash Equivalents Beginning of Year	2,365	1,688
Cash and Cash Equivalents End of Period	$ 5,907	$ 459

Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Net Income	$ 8,407	$ 10,291
Adjustments:		
Depreciation and amortization	5,106	6,513
Provision for bad debts	1089	1349
Gain on sale of assets	(140)	(113)
(Increase) decrease in accounts and other receivables	2,441	(9,724)
(Increase) decrease in inventories and supplies	(2,710)	683
(Increase) decrease in prepaid expenses	(1,556)	(2,301)
(Increase) decrease in other assets	133	(236)
Increase (decrease) in deferred taxes	(1,677)	(1,087)
Increase (decrease) in income taxes payable	1,062	(1,802)
Increase (decrease) in retirement plans accrual	557	1,055
Increase (decrease) in insurance claims	3,169	2,589
Increase (decrease) in accounts payable and other accrued liabilities	(858)	2,469

Total Adjustments to net income	6,616	(605)
Net Cash Provided By Operating Activities	$ 15,023	$ 9,686

See accompanying Notes to Consolidated Financial Statements

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 financial position as of July 31 31, 1994 and the results of operations and cash flows for the three months and nine months then ended.

It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's 1993 Form 10K filed 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 $384,000 during the nine months ended July 31, 1994, 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 shown.

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, acquisitions and paying cash dividends. Management believes that funds from these sources will remain available and adequately serve the Company's liquidity needs. Capital expenditures during the first nine months of fiscal year 1994 were approximately $6.9 million as compared with $4.5 million during the same period of fiscal year 1993. Cost of acquisitions for the nine months of 1994 were approximately $6.5 million as compared to $6.3 million for the same period in 1993. The Company paid cash dividends of $384,000 and approximately $3.4 million to preferred and common shareholders, respectively, during the nine months ended July 31, 1994, as compared with $3.2 million paid to common shareholders in 1993.

The Company has short-term agreements with several banks for lines of credit totaling $13 million, subject to annual renewal, at a maximum of the prime interest rate. On July 31, 1994, the Company had $5 million outstanding under these arrangements. In addition, the Company has a long-term line of credit of $20 million with a major U.S. bank and, at July 31, 1994, the Company had borrowed $20 million under this line. At the option of the Company, interest is at the commercial paper rate plus 1/2%, LIBOR plus 1/2% or at the prime rate. The agreement requires the Company, among other things, to meet certain objectives with respect to financial ratios and places certain limitations on dividend payments and other outside borrowing. The Company is prohibited from declaring or paying cash dividends exceeding 50% of its net income for any fiscal year. The Company has entered into an interest rate swap agreement to reduce the impact of changes in interest rates on a portion of its floating rate long-term debt. At July 31, 1994, the Company had outstanding a swap agreement with a domestic commercial bank, having a notional principal amount of $15 million. This agreement effectively changes the Company's interest rate exposure on $15 million of its $20 million floating rate debt due in fiscal 1994 to a fixed 5.8%. The interest rate swap agreement matures December 10, 1994. The Company is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap agreement. However, the Company does not anticipate nonperformance by the counterparties. In connection with the System Parking acquisition, the Company assumed a note payable in the amount of $3,818,000. Interest on this note is payable monthly at an annual rate of 9.35%, with principal amounts of $636,000 due annually through October 1, 1998. At July 31, 1994, the balance remaining on this note was $3,182,000.

At July 31, 1994, working capital was $83.7 million, as compared to $76.6 million at October 31, 1993.

Effect of Inflation

The low rates of inflation experienced in recent years have 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.

Acquisition

As previously reported, the Company acquired the operations of General Maintenance Service Company, Inc. in Washington D.C. on March 1, 1994. General Maintenance provides janitorial services to major commercial buildings and institutions in Washington, D.C., Maryland, and Virginia. At the time of acquisition by the Company, General Maintenance reported annual revenues of approximately $18.9 million. In addition to the amount paid at closing, contingent payments based upon gross profit of acquired contracts will be made over the next five years.

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 year is based on the Company's fiscal year which ends on October 31, and nine months and the third quarter ended July 31, 1994.

Nine Months Ended July 31, 1994 vs. Nine Months Ended July 31, 1993

Revenues and other income (hereafter called revenues) for the first nine months of fiscal year 1994 were $652 million compared to $568 million in 1993, a 15% increase over the same period of the prior year. As a percentage of revenues, operating expenses and cost of goods sold were 86% during the nine months of fiscal year 1994 compared to 85.5% for the same period in 1993. Consequently, as a percentage of revenues, gross profit (revenue minus operating expenses and cost of goods sold) was 14% for the nine months ended July 31, 1994, as compared to 14.5% for the same period of fiscal year 1993. The principal factors which contributed to the decline of gross profit margin were competitive market conditions resulting in lower bids to retain existing customers and the depressed economic conditions causing high office vacancy rates in Southern California where the Company has a strong presence. The decrease in gross profit margin was also caused by generally higher insurance expense. As discussed in the first and second fiscal quarter reports, office building vacancy rates continue to show improvements in generally all the major metropolitan areas, except Southern California.

Selling and administrative expense for the nine months of fiscal year 1994 was $71.2 million compared to $66.5 million for the corresponding nine months of fiscal year 1993. As a percentage of revenues, selling and administrative expense decreased from 11.7% for the nine months ended July 31, 1993 to 10.9% for the same period in 1994. The increase in the dollar amount of selling and administrative expense for the nine months ended July 31, 1994, compared to the same period in 1993, is due to revenue growth and expenses associated with acquisitions.

Interest expense was $2,763,000 for the first nine months of fiscal year 1994 compared to $1,560,000 in 1993, an increase of $1,203,000 over the same period of the prior fiscal year. The increase in interest expense was due to higher bank borrowings in 1994 primarily necessitated by acquisitions and higher interest rates especially during the most recent months.

The effective income tax rate for the first nine months of fiscal year 1994 was 40% compared to 42% in 1993. The decreased rate is due to estimated increase in income tax credits.

Increased operating profits by the Company generally reflect an improvement in office vacancy rates and improved business climate. As a result, net income for the first nine months of fiscal year 1994 was $10,291,000, an increase of 22%, compared to the prior year's net income of $8,407,000. However, due to the increase in average shares outstanding and the deduction of a preferred stock dividend of $384,000 in the calculation of earnings per share, per common share earnings increased 14% to $1.12 for the first nine months of 1994 compared to 98 cents for the same period in 1993.

The results of operations from the Company's three industry segments and its operating divisions for the nine months ended July 31, 1994 as compared to the nine months ended July 31, 1993 are more fully described below:

Revenues for the two divisions of the Janitorial Services s egment for the first nine months of fiscal year 1994 were $357 million, an increase of $28 million, or 8.6% over the first nine months of fiscal 1993, while its operating profits increased by 18.7% over the comparable period of 1993. Janitorial Services accounted for approximately 55% of the Company's consolidated revenues for the nine months. The Janitorial Division's revenues increased by 8.6% during the first nine months of fiscal year 1994 as compared to the same period of 1993 primarily as a result of acquisitions made during the latter half of fiscal year 1993 and in March 1994 and, to a lesser extent, sales increases recorded by this Division's Northeast, Northwest, and Southeast Regions. As a result of the revenue increase, this Division's operating profits increased 20% when compared to the same period last year. Continued decreases in labor and labor-related expenses contributed to an improvement in gross margin for this Division during the first nine months of the fiscal year 1994 over the same period of the prior year. The Division's general and administrative expenses were in line with its revenue growth. The Janitorial Supply Division's revenue for the first nine months increased by approximately 8.6% compared to the same period in 1993 generally due to a sales increase in Northern California from obtaining several large customers. A decrease of 8% in operating profits was a result of erosion of gross margins caused by competitive market conditions and higher freight expenses which more than offset benefits derived from the wholesale distributor program outside California.

Amtech Services reported revenues of $167 million, which represent approximately 26% of the Company's consolidated revenues for the first nine months of 1994, an increase of approximately 8.7% over the same period of last year. Amtech Services' profit increased 23% compared to the first nine months of fiscal year 1993. The Mechanical Division's operating profits for the first nine months of 1994 decreased by 21% caused mainly by flat revenues, impact by the loss of a large customer with multi-branch operations, in addition to a decline in its construction/installation contracts and energy related projects. Although this Division continues to reduce its overhead, it was not sufficient to offset the loss of gross margins from a lack of revenue growth which resulted from its failure to obtain larger project type contracts. The Lighting Division's revenues were up 8% largely due to an expanded contract base from existing customers, as well as obtaining a large one-time energy saving retrofit contract. Operating profits increased only 2% during the first nine months of fiscal year 1994 due to start-up costs associated with opening new branches and from competitive market conditions. Revenues for the Elevator Division were up by 10% for the first nine months of fiscal year 1994 over the same period of 1993 primarily due to increases in its service, repair, and installation lines of business, as well as a strong performance by its Mexican subsidiary. As a result of increased revenues, the Division more than doubled its operating profits for the nine months of 1994 compared to the corresponding period of 1993. The Division's profits benefited from an increase in volume, improved gross margins, and a continued effort to contain general and administrative expenses. The Engineering Division's revenues increased by 12% and it reported a 48% increase in operating profits in the first nine months of 1994 compared to the same period in 1993. Revenue increases generally were recorded by all its regions except its Northwest Region. The increase in operating profits continues to result from increased volume and reductions in other payroll related costs.

Revenues of the Other Services segment for the first nine months of 1994 were approximately $127 million, a 50% increase over the same period of fiscal year 1993 primarily due to acquisitions made by its Parking Division. Other

Services accounted for approximately 19% of the Company's consolidated revenues. The operating profits of Other Services were up by 64% principally due to acquisitions by its Parking Division. The Parking Division's revenues increased by 117% and its profits increased by 158% during the first nine months of fiscal year 1994 compared to 1993. The increase in revenues and operating profits is primarily due to the acquisitions of System Parking, as discussed previously, and a parking business in Northern California, and from obtaining contracts to manage parking operations at several major airports in the U.S. The Security Division reported a slight decrease in revenues but its profits increased by 16% in the first nine months of 1994 compared to the same period of 1993. The decrease in revenues resulted from customer contract cancellations in certain metropolitan areas. The increase in operating income during the first nine months as compared to the prior year was due to a decrease in direct labor and related expenses and a decrease in selling and administrative expenses resulting from the Division's cost cutting measures.

Three Months Ended July 31, 1994 vs. Three Months Ended July 31, 1993

Revenues and other income for the third quarter of fiscal year 1994 were $225 million compared to $192 million in 1993, a 17% increase over the third quarter of the prior year. As a percentage of revenues, operating expenses and cost of goods sold were 86.4% during the third quarter of fiscal year 1994 compared to 85.2% for the same period in 1993. Consequently, as a percentage of revenues, gross profit was 13.6% for the third quarter ended July 31, 1994, as compared to 14.8% for the same period of fiscal year 1993. A lower overall gross margin percentage for the third quarter results from increased general liability self-insurance costs. However, the recent improvement in office occupancy rates in most regions of the Company's Janitorial, Parking, and Security Divisions resulted in profit margin improvements for those Divisions.

Selling and administrative expense for the three months ended July 31, 1994 was $22.7 million compared to $22.1 million for the corresponding three months of fiscal year 1993. As a percentage of revenues, selling and administrative expense decreased from 11.5% for the three months ended July 31, 1993 to 10.1% for the same period in 1994. When compared to a 17% revenue increase, a slight increase of $584,000, or 2.7%, in selling and administrative expense for the three months ended July 31, 1994 over the same period in 1993 results from the Company's continued efforts of cost containment.

Interest expense was $1,303,000 for the third quarter of fiscal year 1994 compared to $484,000 in 1993, an increase of $819,000 over the same period of the prior fiscal year. Interest expense increased during the three months ended July 31, 1994 compared to

1993 due to higher bank borrowings required for recent acquisitions and higher interest rates.

The effective income tax rate for the third quarter of fiscal year 1994 was 37% as compared to 42% in 1993. The lower rate is due to estimated increases in income tax credits.

Net income for the three months ended July 31, 1994 was $4,146,000, an increase of 23%, compared to the prior year's third quarter net income of $3,382,000. However, due to the increase in average shares outstanding and the deduction of a preferred stock dividend of $128,000 in the calculation of earnings per share, per common share earnings increased 15% to 45 cents for the third quarter of 1994 compared to 39 cents for the same period in 1993.

The results of operations from the Company's three industry segments and its operating divisions for the three months ended July 31, 1994 as compared to the three months ended July 31, 1993 are more fully described below:

Revenues of the Janitorial Services segment for the third quarter of fiscal year 1994 were $124 million, an increase of approximately $13 million, or 12% over the third quarter of fiscal 1993, while its operating profits increased by 27% over the comparable period of 1993. Janitorial Services accounted for approximately 55% of the Company's consolidated revenues for the current quarter. As discussed in the nine-month management's discussion, the Janitorial Division's revenues increased by 12% during the third quarter of fiscal year 1994 as compared to the same period of 1993 primarily as a result of acquisitions made during the latter half of fiscal year 1993 and March 1994 and, to a lesser extent, increases recorded by this Division's Northeast and Southeast Regions. As a result of a volume increase and a percentage reduction in operating expenses in relation to a percentage increase in revenues, this Division's operating profits increased 27% when compared to the same period last year. Decreases in operating expenses such as labor-related expenses contributed to the gross margin improvement for this division during the third quarter of 1994 over the same period of the prior year. The Janitorial Supply Division's revenue for the third quarter increased by approximately 9% compared to the same quarter in 1993 generally due to new business in Northern California. An increase of 25% in operating profits results from a volume increase and a reduction in the selling and administrative expense.

Amtech Services reported revenues of $57 million, which represent approximately 25% of the Company's consolidated revenues for the third quarter of fiscal year 1994, an increase of approximately 8% over the same quarter of last year. Amtech Services' operating profit increased 31% compared to the third quarter of fiscal year 1993. The

Mechanical Division's operating profits for the third quarter of 1994 increased by 4% on a 3% increase in revenues. Although this Division shows signs of improvement in both revenues and operating profits, it continues to suffer from an economic slow-down in California and failure to obtain more lucrative energy projects. The Lighting Division reported an 11% revenue increase for the three months ended July 31, 1994 compared to the same period of 1993, principally due to the contract award of a chain store project and its successful efforts in expanding its customer contract base. Operating profits also increased by 24% during the third quarter of fiscal year 1994 as this Division continues to maintain its operating margins from cost containment programs. Revenues for the Elevator Division were up by 5% for the third quarter of 1994 over the same quarter of 1993 largely due to increased repair business resulting from the earthquake in the greater Los Angeles metropolitan area and generally, from revenue increases from all phases of its business. The Division posted a 51% increase in operating profit for the third quarter compared to the corresponding quarter of fiscal year 1993. A continued effort to control costs and closing of unprofitable locations, as well as more favorable market conditions, improved this Division's operating income. The Engineering Division's revenues increased by 13% and it reported a 44% increase in operating profits in the third quarter of 1994 compared to the same period in 1993. This Division posted revenue increases in all its regions, except the Southern California and Northwest Regions, thus enabling it to increase its operating profits. Also contributing to the increase in operating profits were reductions in payroll related costs which improved gross margins.

Revenues of the Other Services segment for the third quarter of 1994 were approximately $44 million, a 55% increase over the same quarter of fiscal year 1993, while its operating profits were up by 72%. Other Services accounted for approximately 20% of the Company's consolidated revenues. Revenues and operating profits of Other Services were up primarily due to acquisitions made by its Parking Division. As previously reported and discussed, primarily due to acquisitions the Parking Division's revenues increased by 125% and its profits increased by 268% during the third quarter of fiscal year 1994. The increase in operating profits was primarily due to contributions made by these acquisitions, improvement in business climate in certain regions, and from continued growth by this Division in airport parking facility management. The Security Division's revenues for the third quarter decreased by 1% as compared to the same quarter of 1993, largely due to a contract which was canceled in its Southcentral Region. However, its profits increased by 2% in the third quarter of 1994 compared to the same period of 1993 mainly due to a continued cost reduction effort initiated by its management.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings - not applicable.

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibits: NONE

(b) Reports on Form 8-K: No reports on Form 8-K were filed during the quarter ended July 31, 1994.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on the 13th day of September, 1994.

ABM INDUSTRIES INCORPORATED
(Registrant)

By /s/ David H. Hebble
David H. Hebble
Vice President, Principal Financial Officer