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, 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 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, 1998: 20,783,373

ABM INDUSTRIES INCORPORATED
FORM 10-Q
FOR THE THREE MONTHS ENDED JANUARY 31, 1998
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PART 1. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

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

ASSETS:	OCTOBER 31, 1997	JANUARY 31, 1998
		(Unaudited)
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,783	$ 1,756
Accounts receivable, net	234,464	248,071
Inventories	21,197	21,572
Deferred income taxes	10,968	9,249
Prepaid expenses and other current assets	26,005	27,347
Total current assets	294,417	307,995
INVESTMENTS AND LONG-TERM RECEIVABLES	12,900	13,485
PROPERTY, PLANT AND EQUIPMENT, AT COST:		
Land and buildings	4,684	4,808
Transportation equipment	11,211	11,459
Machinery and other equipment	46,147	47,610
Leasehold improvements	10,476	10,778
	72,518	74,655
Less accumulated depreciation and amortization	45,934	48,282
Property, plant and equipment, net	26,584	26,373
INTANGIBLE ASSETS - NET	100,313	99,198
DEFERRED INCOME TAXES	25,426	27,991
OTHER ASSETS	7,512	6,513
	$ 467,152	$ 481,555

(Continued)

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

LIABILITIES AND STOCKHOLDERS' EQUITY:	OCTOBER 31, 1997	JANUARY 31, 1998
		(Unaudited)
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 1,393	$ 1,371
Bank overdraft	12,975	11,144
Trade accounts payable	34,555	33,386
Income taxes payable	4,265	7,606
Accrued Liabilities:		
Compensation	35,965	32,645
Taxes - other than income	12,609	15,794
Insurance claims	25,479	25,029
Other	29,419	35,122
Total current liabilities	156,660	162,097
Long-Term Debt (less current portion)	38,402	40,458
Retirement plans	13,413	14,681
Insurance claims	54,464	53,972
Total Liabilities	262,939	271,208
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; 20,464,000 and 20,783,000 shares issued and outstanding at October 31, 1997 and January 31, 1998, respectively	205	207
Additional capital	63,416	66,430
Retained earnings	134,192	137,310
Total stockholders' equity	197,813	203,947
	$ 467,152	$ 481,555

The accompanying notes are an integral part of the consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
FOR THE THREE MONTHS ENDED JANUARY 31, 1997 AND 1998
(In thousands except per share amounts)

	1997	1998
REVENUES AND OTHER INCOME	$ 291,638	$ 358,747
EXPENSES:		
Operating expenses and cost of goods sold	252,751	312,494
Selling, general and administrative	29,943	35,627
Interest	599	823
Total expenses	283,293	348,944
INCOME BEFORE INCOME TAXES	8,345	9,803
INCOME TAXES	3,505	4,068
NET INCOME	$ 4,840	$ 5,735
NET INCOME PER COMMON SHARE		
Basic	$ 0.24	$ 0.27
Diluted	$ 0.22	$ 0.25
AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic	19,906	20,641
Diluted	21,416	22,883
DIVIDENDS PER COMMON SHARE	$ 0.10	$ 0.12

The accompanying notes are an integral part of the consolidated financial statements

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED JANUARY 31, 1997 AND 1998
(In thousands)

	1997	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 293,224	$ 343,043
Other operating cash receipts	743	255
Interest received	151	235
Cash paid to suppliers and employees	(278,180)	(337,954)
Interest paid	(501)	(591)
Income taxes paid	(351)	(1,573)
Net cash provided by operating activities	15,086	3,415
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(1,976)	(2,440)
Proceeds from sale of assets	144	29
Decrease (increase) in investments and long-term receivable	65	(585)
Intangible assets acquired	(791)	(1,048)
Net cash used in investing activities	(2,558)	(4,044)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Common stock issued	1,976	3,016
Dividends paid	(2,126)	(2,617)
Increase (decrease) in cash overdraft	1,086	(1,831)
Increase (decrease) in notes payable	31	(22)
Long-term borrowings	14,112	30,049
Repayments of long-term borrowings	(22,813)	(27,993)
Net cash (used in) provided by financing activities	(7,734)	602
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,794	(27)
CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD	1,567	1,783
CASH AND CASH EQUIVALENTS END OF PERIOD	$ 6,361	$ 1,756

(Continued)

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED JANUARY 31, 1997 AND 1998
(In thousands)

	1997	1998
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Income	$ 4,840	$ 5,735
Adjustments:		
Depreciation and amortization	3,783	4,793
Provision for bad debts	497	737
Gain on sale of assets	(10)	(8)
Deferred income taxes	(903)	(846)
Decrease (increase) in accounts receivable	1,291	(14,344)
Increase in inventories	(2,379)	(375)
Increase in prepaid expenses and other current assets	(1,223)	(1,342)
Decrease in other assets	619	999
Increase in income taxes payable	4,057	3,341
Increase in retirement plans accrual	1,735	1,268
Increase (decrease) in insurance claims liability	1,051	(942)
Increase in accounts payable and other accrued liabilities	1,728	4,399
Total Adjustments to net income	10,246	(2,320)
Net Cash Provided by Operating Activities	$ 15,086	$ 3,415

The accompanying notes are an integral part of the 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 Company's financial position as of January 31, 1998, and the results of operations and cash flows for the three months then ended. These adjustments are of a normal, recurring nature.

These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Form 10K filed for the fiscal year ended October 31, 1997 with the Securities and Exchange Commission.

2. NET INCOME PER COMMON SHARE

The company has reported its earnings in accordance with Statement of Financial Accounting Standards No. 128, Earnings per Share. Basic net income per common share, after the reduction for preferred stock dividends, is based on the weighted average number of shares actually outstanding during the period. Diluted net income per common share, after the reduction for preferred stock dividends, is based on the weighted average number of shares outstanding during the period, including common stock equivalents. Diluted net income per common share is consistent with the Company's former presentation of primary net income per common share. The calculation of these amounts is as follows:

	Three months Ended January 31, 1997	Three months Ended January 31, 1998
Net Income	$ 4,840,000	$ 5,735,000
Preferred Stock Dividends	(128,000)	(128,000)
	$ 4,712,000	$ 5,607,000
Common shares outstanding - basic	19,906,000	20,641,000
Effect of dilutive securities:		
Stock options	1,162,000	2,043,000
Other	348,000	199,000
Common shares outstanding - diluted	21,416,000	22,883,000

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 had a $125 million line of credit expiring July 1, 2002. Effective November 1, 1997, the agreement was amended to increase the amount available to $150 million. At the Company's option, the credit facility provides interest at the prime rate or IBOR+.35%. As of January 31, 1998, the total amount outstanding was approximately $106.6 million, which was comprised of loans in the amount of $36.0 million and standby letters of credit of $70.6 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. This loan bears interest at a fixed rate of 6.78 % with annual payments of principal in varying amounts, and interest due February 15, 1997 through February 15, 2003. The Company's effective interest rate for all long term debt for the quarter ended January 31, 1998 was 6.83%.

At January 31, 1998, working capital was $145.9 million, as compared to $137.8 million at October 31, 1997.

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 four proceedings relating to environmental matters: one involving alleged potential soil and groundwater contamination at a Company facility in Florida; one involving alleged soil contamination at a former Company facility in Arizona; one involving alleged potential soil and groundwater contamination of a parking garage previously operated by the company; and, one involving alleged potential soil and groundwater contamination at a former dry-cleaning facility leased by the company in Nevada. 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.

YEAR 2000 ISSUE

The Company has identified the software it uses which is not year 2000 compliant and has begun its effort to coordinate the identification, evaluation, and implementation of changes to its computer systems and applications necessary to achieve a year 2000 date conversion. The total cost of compliance and its effect on the Company's financial condition and future results of operations have not been determined.

ACQUISITIONS

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

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, 1998 VS. THREE MONTHS ENDED JANUARY 31, 1997

Revenues and other income (hereafter called revenues) for the first three months of 1998 were $358.7 million compared to $291.6 million in 1997, a 23% increase over the same quarter of the prior year. Much of this growth was attributable to acquisitions during 1997 as well as new business and price increases. For the quarter ended January 31, 1998, the increase in revenues relating to acquisitions made during 1997 was approximately $43.9 million on a total revenue increase of $67.1 million.

As a result, net income for the first quarter of 1998 was $5.7 million an increase of 18%, compared to the net income of $4.8 million for the first quarter of 1997. Diluted net income per common share rose 14% to 25 cents for the first quarter of 1998 compared to 22 cents for the same period in 1997. The increase in diluted net income per share was not proportional to the increase in net income due to the increased average number of common and common equivalent shares outstanding. As a percentage of revenues, operating expenses and cost of goods sold were 87.1% for the first quarter of 1998, compared to 86.7% in 1997. Consequently, as a percentage of revenues, the Company's gross profit (revenue minus operating expenses and cost of goods sold) of 12.9% in the first quarter of 1998 was lower than the gross profit of 13.3% for the first quarter of 1997. The gross profit percentage declined mostly due to higher labor and related costs. These costs could not be recovered through price increases because of 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 1998 were $35.6 million compared to $29.9 million for the corresponding three months of 1997. As a percentage of revenues, selling, general and administrative expenses decreased slightly, from 10.3% for the three months ended January 31, 1997, to 9.9% for the same period in 1998, primarily as a result of certain fixed and variable costs not increasing at the same rate as sales. The increase in the dollar amount, of selling, general and administrative expenses, $5.7 million, for the three months ended January 31, 1998, compared to the same period in 1997, is primarily due to expenses related to growth and to a somewhat lesser extent expenses associated with acquisitions.

Interest expense was $823,000 for the first three months of 1998 compared to $599,000 for the same period in 1997, an increase of $224,000. This increase was primarily due to higher weighted average borrowings during the first quarter of 1998 which were needed to fund acquisitions and working capital.

The pre-tax income for the first quarter of 1998 was $9,803,000 compared to $8,345,000, an increase of 17% over the same quarter of 1997. The growth in pre-tax income did not keep pace with revenue growth for the current quarter of 1998 due to lower gross profit.

The estimated effective income tax rate for the first three months of 1998 was 41.5%, compared to 42.0% in the first three months of 1997. The lower tax rate was due for the most part to an increase in various federal and state tax credits.

The results of operations from the Company's three industry segments and its nine operating Divisions for the three months ended January 31, 1998, as compared to the three months ended January 31, 1997, are more fully described below:

The Janitorial Divisions segment, which includes the operating Divisions of American Building Maintenance (also known as ABM Janitorial Services) and Easterday Janitorial Supply, reported revenues for the first quarter of 1998 of $213.2 million, an increase of approximately $47.7 million, or 29% over the first quarter of 1997. This segment's operating profits (revenue minus expenses, excluding interest and corporate allocations) increased by 31% over the comparable quarter of 1997. This is the Company's largest segment and accounted for approximately 60% of the Company's total revenues for the current quarter. AMERICAN BUILDING MAINTENANCE'S revenues increased by 29% during the first quarter of 1998 as compared to the same quarter of 1997 as a result of several acquisitions made during the latter half of 1997, particularly in New York. Revenue grew in all regions except for Canada, Golden Gate, and Mid-Pacific. This Division's operating profits increased 31% when compared to the same period last year. The increase in operating profits is principally due to increased sales with reductions in insurance and administrative expenses relative to revenues. EASTERDAY JANITORIAL SUPPLY'S 1998 first quarter revenue increased by approximately 16% compared to the same quarter in 1997 generally due to strong sales in the Los Angeles and Houston markets. The increase of 15% in operating profits was achieved because of higher sales, but at a slightly lower gross profit percentage, mostly related to increased insurance.

Revenues of the Public Service Divisions segment, which includes American Commercial Security Services (also known as "ACSS" and "ABM Security Services"), Ampco System Parking, and ABM Facility Services, for the first quarter of 1998 were approximately $61.8 million, a 6% increase over the same quarter of 1997. Public Service Divisions accounted for approximately 17% of the Company's revenues. The operating profits of this segment increased 17% in the first quarter of 1998 as both Ampco System Parking and American Commercial Security Services reported increased profits when compared to the prior year quarter. AMERICAN COMMERCIAL SECURITY SERVICES reported a decrease in revenues of 3%, but its profits were up by 17% in the first quarter of 1998 compared to the same period of 1997. The revenue decline was largely due to loss of a several large customers in the San Francisco Bay area and in San Antonio, Texas. The increase in operating profit was primarily due to a reduction in insurance charges and management reorganization in California. AMPCO SYSTEM PARKING Division's revenues increased by 13%, while its profits increased 32% during the first quarter of 1998 compared to the first quarter of 1997. The increase in revenues was mostly due to growth in its national airport business, as well as the Northeast and Texas regions. The operating profit increase was due for the most part to higher profit margins as a result of containment of management and overhead costs, decreased legal and insurance costs and increased sales. This segment now includes the Company's new Division, ABM FACILITY SERVICES. The Company has responded to customer requests to provide services from two or more of its Divisions (the ABM Family of Services) under one management. Because this Division is new and depends primarily on management fees for its income, start up costs exceeded revenues during the current quarter. Revenue generated by this Division is generally reported by the respective Division providing services. Management does not expect this Division to be profitable during the current year, although management expects sales from other Divisions under the auspices of this Division to be profitable.

The Company's Technical Divisions segment includes ABM Engineering Services (also known as Amtech Engineering Services), Amtech Elevator Services, Amtech Lighting Services and CommAir Mechanical Services. This segment reported revenues of $83.6 million, which represent approximately 23% of the Company's revenues for the first quarter of 1998. This represents an increase of approximately 23% over the same quarter of last year due to increases in revenues reported by all its Divisions. Operating profit of this segment increased 11% compared to the first quarter of 1997 due to increases in operating profits of its Elevator and Engineering Divisions, offset by decreases in its CommAir Mechanical and Lighting Divisions. ABM ENGINEERING SERVICES' revenues increased by 48% and its operating profits increased 11% for the first quarter of 1998 compared to the same period in 1997. The large revenue increase was due primarily to an acquisition in New York in August 1997. The smaller percentage increase in operating profits resulted from a combination of lower gross profit on fixed price contracts, increased insurance costs, and an increase in selling, general and administrative costs. Revenues for AMTECH ELEVATOR SERVICES were up by 14% for the first quarter of 1998 over the same quarter of 1997 largely due to an increased customer base in the maintenance and repair sector. The Division posted a dramatic 47% increase in operating profit for the first quarter compared to the corresponding quarter of 1997. This increase can be attributed primarily to a reduction of insurance costs and lower general and administrative expenses as a percent of sales. AMTECH LIGHTING SERVICES Division reported a 8% revenue increase due to increased sales in most regions. Operating profits decreased by 6% during the first quarter of 1998 compared to the same quarter of the prior year primarily due to increases in selling and administrative expenses. COMMAIR MECHANICAL SERVICES Division's revenues increased by 17% resulting primarily from an acquisition in Southern California during the second quarter of 1997. Operating profits for the first quarter of 1998 decreased by 6% from the prior year first quarter as a result of an increase in selling, general and administrative expenses proportionately greater than the increase in revenues.

SAFE HARBOR STATEMENT

Cautionary Safe Harbor Disclosure for Forward Looking Statements under the Private Securities Litigation Reform Act of 1995: Because of the factors set forth below, as well as other variables affecting the Company's operating results, past financial performance should not be considered a reliable indicator of future performance and investors should not use historical trends to anticipate results or trends in future periods. The statements contained herein which are not historical facts are forward-looking statements that are subject to meaningful risks and uncertainties, including, but not limited to: (1) the widespread failure of commercial real estate occupancy to improve in the Company's major markets since it relates directly to the need for janitorial and other buildings services, (2) the loss or bankruptcy of one or more of the Company's major customers, which could adversely affect the Company's ability to collect deferred costs or its accounts receivable, (3) the untimely departure of one or more of the Company's key executives, which could affect retention of customers as well as the day to day management of operations, (4) any major labor disruptions that may cause loss of revenue or cost increases that non-union companies can use to their advantage in obtaining market share, (5) significant shortfall in achieving any acquisition plan to acquire either businesses in new markets or expand customer base in existing ones, (6) any legislation or other government action that severely impacts one or more of the Company's lines of business, such as price controls that could prevent cost recovery and fuel restrictions that might increase the cost to deliver services, (7) the reduction or revocation of the Company's lines of credit which would increase interest expense or the cost of capital, (8) the cancellation or non-renewal of the Company's primary insurance policies, as many customers retain services based on the provider's ability to provide adequate insurance including performance bonds and proof of adequate insurance, (9) any catastrophic uninsured or underinsured claims against the Company, which also might include insurance companies financially incapable of paying claims, (10) the inability to recruit and hire entry level personnel due to labor shortages, and (11) other material factors that are disclosed from time-to-time in the Company's public filings with the United States Securities and Exchange Commission, such as reports on Forms 8-K, 10-K and 10-Q.

PART II. OTHER INFORMATION

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, 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.

ABM Industries Incorporated

March 16, 1998 /s/ David H. Hebble

Vice President, Principal
Financial Officer

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OCT-31-1998
JAN-31-1998
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