

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 Quarter Ending September 30, 1995

OR

/ / TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-9035

POPE RESOURCES, A DELAWARE
LIMITED PARTNERSHIP
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

91-1313292
(IRS Employer
Identification Number)

19245 10th Avenue NE, Poulsbo, WA 98370
Telephone: (360)697-6626

(Address of principal executive offices including zip code)
(Registrant's telephone number including area code)

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
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P A R T I

ITEM 1

Financial Statements

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Pope Resources
September 30, 1995 and December 31, 1994

(Thousands)	1995	1994

Assets		
Current assets:		
Cash	\$ 468	\$ 565
Accounts receivable	556	917
Work in progress	11,967	11,912
Current portion of contracts receivable	717	1,326
Prepaid expenses and other	204	219
	-----	-----
Total current assets	13,912	14,939
	-----	-----
Properties and equipment at cost:		
Land and land improvements	15,217	13,240
Roads and timber (net of accumulated depletion)	11,865	9,074
Buildings and equipment (net of accumulated depreciation)	9,305	9,382
	-----	-----
	36,387	31,696
	-----	-----
Other assets:		
Contracts receivable, net of current portion	2,870	3,130
Unallocated amenities and project costs	1,025	1,245
Loan fees and other	99	156
	-----	-----
	3,994	4,531
	-----	-----
	\$ 54,293	\$51,166
	=====	=====
Liabilities and Partners' Capital		
Current liabilities:		
Accounts payable	\$ 576	\$ 2,645
Accrued liabilities	254	312
Current portion of long-term debt	294	224
Deposits	102	146
	-----	-----
Total current liabilities	1,226	3,327
	-----	-----
Other long-term liabilities		
Long-term debt, net of current portion	418	0
Deferred profit on contracts receivable	16,782	22,297
Partners' capital	773	398
	35,094	25,144
	-----	-----
	\$ 54,293	\$51,166
	=====	=====

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Pope Resources
Three Months and Nine Months Ended September 30, 1995 and 1994

(Thousands, except per unit data)

	Three Months Ended September 30		Nine Months Ended September 30	
	1995	1994	1995	1994
Revenues:				
Timberland resources	\$ 5,731	\$ 5,913	\$19,834	\$13,139
Property development	2,321	3,580	7,025	7,637
Recognition of prior years' deferred profit	1		2	66
Deferred profit on current year's contract sales		(92)	(21)	(122)
	8,053	9,401	26,840	20,720
Cost of sales	(3,103)	(4,352)	(9,603)	(9,138)
Gross profit	4,950	5,049	17,237	11,582
Selling and administration expenses	(1,921)	(1,716)	(5,781)	(4,581)
Income from operations	3,029	3,333	11,456	7,001
Other (charges) credits:				
Interest expense	(425)	(504)	(1,343)	(1,399)
Interest income	117	97	292	327
Net income	\$ 2,721	\$ 2,926	\$10,405	\$ 5,929
Net income allocable to general partners	\$ 27	\$ 29	\$ 104	\$ 59
Net income allocable to limited partners	2,694	2,897	10,301	5,870
	\$ 2,721	\$ 2,926	\$10,405	\$ 5,929
Net income per partnership unit	\$ 3.01	\$ 3.16	\$ 11.51	\$ 6.40

See notes to consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Pope Resources
 Nine Months Ended September 30, 1995 and 1994

(Thousands)	1995	1994
Net cash flows from operating activities	\$12,356	\$ 3,763
Cash flows from investing activities:		
Capital expenditures	(3,249)	(1,630)
Proceeds from the sale of equipment	-----	5
Net cash used in investing activities	(3,249)	(1,625)
	-----	-----
Cash flows from financing activities:		
Partnership units repurchased	(136)	(60)
Repayment of long-term debt	(8,603)	(1,957)
	-----	-----
Net cash used in financing activities	(8,739)	(2,017)
	-----	-----
Net increase (decrease) in cash and cash equivalents	368	121
Cash and cash equivalents at beginning of year	100	444
	-----	-----
Cash and cash equivalents at end of quarter	\$ 468	\$ 565
	=====	=====

See notes to consolidated financial statements.

POPE RESOURCES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
September 30, 1995

1. The consolidated financial statements have been prepared by the Partnership without an audit and are subject to year-end adjustments. Certain information and footnote disclosures in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of the Partnership, the accompanying consolidated balance sheets as of September 30, 1995 and December 31, 1994 and the consolidated statements of income for the three months and nine months ending September 30, 1995 and 1994 and cash flows for the nine months ending September 30, 1995 and 1994 contain all adjustments necessary to present fairly the financial statements referred to above. The results of operations for any interim period are not necessarily indicative of the results to be expected for the full year.
2. The financial statements in the Partnership's 1994 annual report on Form 10-K include a summary of significant accounting policies of the Partnership and should be read in conjunction with this Form 10-Q.
3. Net income per unit is based on the weighted average of 903,894 and 925,433 units for the three months ending September 30, 1995 and 1994, respectively. Net income per unit is based on the weighted average of 903,913 and 926,269 units for the nine months ending September 30, 1995 and 1994, respectively.
4. Supplemental disclosure of cash flow information: Interest paid amounted to approximately \$1,361,000 and \$1,381,000 for the nine months ended September 30, 1995 and 1994, respectively.

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE
FINANCIAL CONDITION AND RESULTS OF
OPERATIONS - September 30, 1995

POPE RESOURCES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Unaudited)
September 30, 1995

This discussion should be read in conjunction with the Partnership's consolidated financial statements included with this report.

Results of Operations

Timberland Resources

During the first three quarters of 1995 the Partnership logged and sold approximately 19.5 million board feet of softwood timber at an average price of \$806 per thousand board feet (MBF). In addition, during the first nine months of 1995, the Partnership sold stumpage totaling 837 thousand board feet of softwood timber at an average price of \$544 per MBF. For the corresponding period in 1994, the Partnership logged and sold approximately 14.8 million board feet of softwood timber at an average price of \$755 per MBF. The Partnership had no stumpage sales in the first three quarters of 1994. The increase in the average price of timber logged and sold per MBF is primarily attributable to a higher percentage of export volume sold and higher export log prices received in the first three quarters of 1995 as compared to 1994. The aforementioned average price of timber sold reflects various mixes of timber grades and different types of timber sales and is, therefore, not necessarily indicative of the price of timber to be sold in the future.

The Partnership sells its timber into two major markets, namely the export and domestic markets. Direct and indirect log sales to the export market totaled 53% and 35% of total timber revenues for the nine month periods ending September 30, 1995 and 1994, respectively.

The export demand for logs is directly affected by the demand from Asian countries. As nearly all of the Partnership's export logs are sold to Japan, the strength of the Japanese economy and the relative strength of the United States dollar directly affect the demand for export logs. The export market softened in the third quarter of 1995 but prices are still at high historical levels. While the market price of logs can change significantly for a variety of reasons, management anticipates export prices to increase in the fourth quarter of 1995 due to increased demand.

The domestic demand for logs is directly affected by the level of construction activity. Changes in general economic and demographic factors have historically caused fluctuations in housing starts. This in turn affects demand for lumber and commodity wood prices which drives the demand for logs. For the balance of 1995 management anticipates continued uncertainty regarding the demand for domestic logs due to fluctuating interest rates and a slower economy. Management is also concerned about the declining number of domestic sawmills in its region. As the number of sawmills declines, management must find replacement outlets for its domestic timber. Management does not believe the decline in domestic sawmills will materially impact its 1995 operations but is nonetheless exploring additional outlets for its domestic timber.

Property Development

Property development consists of residential development, land marketing and income properties. Residential development consists of the sale of single-family homes and finished lots. Land marketing is comprised of the development and sale of both cut-over timberland and land purchased for resale. Income properties consists of providing water and sewer services to properties in the Port Ludlow area; a marina, golf course, commercial center and RV park operated by the Partnership; the Port Gamble townsite and log dumps, which are leased to Pope & Talbot, Inc.; and a restaurant/lounge and related facilities leased to and operated by Village Resorts, Inc.

During the first three quarters of 1995 the Partnership's residential development at Port Ludlow generated revenues of \$2,799,000 on 19 finished lot sales, 7 home sales and one bulk sale of 27 lots with preliminary lot approval. This compares to the prior year's first three quarters sales at Port Ludlow of \$2,646,000 on 20 finished lot sales and 8 home sales. As in the prior year, sales activity continues to be disappointing due to the slow real estate market in the area.

For the first nine months of 1995 the Partnership's residential development at Grandridge produced revenues of \$510,000 on 16 lot sales. For the corresponding period in 1994, the Partnership generated revenues of \$288,000 on 9 lot sales. While the 1995 sales were higher than 1994, they were much slower than anticipated due to regulatory interference and the loss of one of the two home builders.

At September 30, 1995 the Partnership had 219 developed lots and 26 homes under various stages of completion. This inventory consists of a wide variety of subdivisions encompassing a broad spectrum of prices.

Land marketing sold 5 acres in the first three quarters of 1995 and generated revenues of \$257,000. This compares to sales of \$1,247,000 in the corresponding period for 1994 consisting of 40 acres. Average prices per acre totaled \$7,900 and \$31,200 for 1995 and 1994, respectively. The decrease in the average price per acre sold is mainly due to sale of two commercial parcels of land in 1994. The decrease in acres sold is mainly attributable to a lack of inventory for sale. The Partnership has entitlements for 74 lots on 185 acres which should be available for sale in the fourth quarter of 1995.

Income properties revenues totaled \$3,244,000 and \$3,296,000 for the periods ending September 30, 1995 and 1994, respectively. Operations were consistent for the periods ending September 30, 1995 and 1994 and management expects future revenues to be stable.

General

General and administrative costs increased in the first nine months of 1995 as compared to 1994 due to three factors: increased property taxes on the Partnership's land, increased road maintenance and silviculture expenses in timberland resources due to timberland acquisitions, and increased costs related to the Partnership's Ludlow Bay development in Port Ludlow.

Interest income declined from amounts earned at September 30, 1995 as compared to 1994. This was attributable to the decline in contracts receivable.

Liquidity and Capital Resources

Funds generated internally through operations and externally through financing will provide the required resources for the Partnership's real estate development and capital expenditures. Management considers its capital resources to be adequate for its real estate development plans, both in the near future and on a long-term basis. At September 30, 1995, the Partnership had available an unused \$18 million loan commitment from a bank.

Management has considerable discretion to increase or decrease the level of timber cut and thus drive net income and cash flow up or down assuming, of course, timber prices and demand remain stable. Management's current plan is to harvest 27 million board feet of softwood timber in 1995. Since harvest plans are based on demand, price and cash needs, actual harvesting may vary subject to management's on-going review.

Cash provided by operating activities generated \$12,536,000 in the third quarter of 1995, while overall cash and cash equivalents increased by only \$368,000. The cash generated was primarily used for repayments of long-term debt totaling \$8,739,000 and capital expenditures of \$3,249,000.

The Partnership has not declared a cash distribution in 1995. All cash distributions are at the discretion of the Partnership's managing general partner, Pope MGP, Inc. The practice of the Partnership has been to make cash distributions only for the purpose of defraying the estimated tax liability of unitholders on their flow-through share of Partnership net income and as approved from time to time by the managing general partner.

PART II

ITEM 6

Exhibits and Reports on Form 8-K

None.

POPE RESOURCES

SIGNATURE

Pursuant to the requirement 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.

POPE RESOURCES,
A Delaware Limited Partnership

Registrant

Date: October 20, 1995

By: POPE MGP, Inc.

Managing General Partner

Date: October 20, 1995

By: -----
George H. Folquet
President and Chief Executive Officer

Date: October 20, 1995

By: -----
Thomas M. Ringo
Vice President-Finance
(Principal Financial Officer)

Date: October 20, 1995

By: -----
Thomas A. Griffin
Treasurer/Controller
(Principal Accounting Officer)

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9-MOS

DEC-31-1995		
JAN-01-1995		
SEP-30-1995		468
	0	
	556	
	0	
	11,967	
13,912		53,407
	17,020	
	54,293	
1,226		17,076
		0
0		0
		35,094
54,293		26,840
	26,840	
		9,603
	15,384	
	0	
	0	
1,343		
	10,405	
		0
10,405		
	0	
	0	
		0
	10,405	
	11.51	
	11.51	