UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-Q

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

For the quarterly period ended June 30, 2003

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	91-1313292
(State or other jurisdiction of incorporation or organization)	(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

Indicate by check mark whether the registrant is an accelerated filer (as defined in rule 12b-2 of the Securities and Exchange Act of 1934).

Yes No X

Partnership units outstanding at June 30, 2003: 4,518,095

Pope Resources
Index to Form 10-Q Filing
For the Three Months Ended June 30, 2003

PART I - FINANCIAL INFORMATION

ITEM 1

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS (Unaudited)

Pope Resources
June 30, 2003 and December 31, 2002

(Thousands)

	2003	2002
Assets		
Current assets:		
Cash and cash equivalents	$ 7,602	$ 6,627
Accounts receivable	1,730	1,768
Work in progress	-	175
Current portion of contracts receivable	66	23
Prepaid expenses and other	296	325
Total current assets	9,694	8,918
Properties and equipment at cost:		
Land and land improvements	20,240	20,179
Roads and timber (net of accumulated depletion of $20,107 and $18,453)	49,033	50,316
Buildings and equipment (net of accumulated depreciation of $5,263 and $4,990)	3,303	3,335
	72,576	73,830
Other assets:		
Contracts receivable, net of current portion	1,886	2,721
Deferred tax asset and other	1,302	1,319
	3,188	4,040
	$ 85,458	$ 86,788
Liabilities and Partners' Capital		
Current liabilities:		
Accounts payable	$ 265	$ 546
Accrued liabilities	998	1,739
Restructuring	-	466
Environmental remediation	100	430
Current portion of long-term debt	1,569	1,574
Minority interest	42	203
Other current liabilities	218	168
Total current liabilities	3,192	5,126
Long-term debt, net of current portion	36,057	37,665
Other long term liabilities	468	399
Partners' capital	45,741	43,598
	$ 85,458	$ 86,788

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

Pope Resources
For the Three Months and Six Months Ended June 30, 2003 and 2002

(Thousands, except per unit data)	Three Months Ended June 30, 2003	Three Months Ended June 30, 2002	Six Months Ended June 30, 2003	Six Months Ended June 30, 2002
Revenues	$ 7,480	$ 9,935	$ 14,792	$ 15,772
Cost of sales	(3,192)	(3,789)	(6,126)	(5,515)
Operating expenses	(1,566)	(2,589)	(3,213)	(5,109)
Environmental Remediation	-	(730)	-	(730)
General and administrative expenses	(723)	(975)	(1,455)	(1,828)
Income from operations	1,999	1,852	3,998	2,590
Other income (expense):				
Interest expense	(769)	(810)	(1,560)	(1,663)
Interest income	75	128	152	239
	(694)	(682)	(1,408)	(1,424)
Income before income taxes and minority interest	1,305	1,170	2,590	1,166
Income tax (provision)/benefit	(9)	425	(3)	441
Income before minority interest	1,296	1,595	2,587	1,607
Minority interest	-	(32)	-	(32)
Net income	$ 1,296	$ 1,563	$ 2,587	$ 1,575
Allocable to general partners	$ 17	$ 21	$ 34	$ 21
Allocable to limited partners	1,279	1,542	2,553	1,554
	$ 1,296	$ 1,563	$ 2,587	$ 1,575
Earnings per unit:				
Basic	$ 0.29	$ 0.35	$ 0.57	$ 0.35
Diluted	$ 0.29	$ 0.35	$ 0.57	$ 0.35
Weighted average units outstanding:				
Basic	4,518	4,518	4,518	4,518
Diluted	4,519	4,520	4,519	4,520

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Pope Resources
Six Months Ended June 30, 2003 and 2002

(Thousands)	2003	2002
Cash flows provided by operating activities		
Net income	$ 2,587	$ 1,575
Add back non-cash charges:		
Deferred profit	29	49
Depletion	1,654	1,546
Depreciation and amortization	329	416
Cost of land sold	-	245
Change in working capital accounts:		
Accounts receivable	39	(1,319)
Contracts receivable	791	1,376
Work in process	175	254
Other current assets	29	174
Accounts payable	(281)	856
Accrued liabilities	(741)	(863)
Environmental remediation	(236)	231
Restructuring	(466)	(25)
Minority interest	-	57
Other	(2)	33
Net cash flows provided by operating activities	3,907	4,605
Cash flows from investing activities:		
Capital expenditures	(716)	(1,141)
Proceeds from sale of building	10	425
Net cash used in investing activities	(706)	(716)
Cash flows from financing activities:		
Minority interest distribution	(161)	(170)
Repayment of long-term debt	(1,613)	(1,057)
Unitholder distribution	(452)	-
Net cash used in financing activities	(2,226)	(1,227)
Net increase in cash and cash equivalents	975	2,662
Cash and cash equivalents at beginning of year	6,627	1,047
Cash and cash equivalents at end of the six-month period	$ 7,602	$ 3,709

See accompanying notes to condensed consolidated financial statements.

POPE RESOURCES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
June 30, 2003

1. The condensed consolidated financial statements as of June 30, 2003 and for the three-months and six months ended June 30, 2003 and June 30, 2002 have been prepared by Pope Resources, A Delaware Limited Partnership ("the Partnership") pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). The financial information as of June 30, 2003 for the quarters and six month periods ended June 30, 2003 and 2002 is unaudited, but, in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments and accruals) necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods. The financial information as of December 31, 2002, is derived from the Partnership's audited consolidated financial statements and notes thereto for the year ended December 31, 2002, and should be read in conjunction with such financial statements. The results of operations for the quarter and six month period ended June 30, 2003 are not necessarily indicative of the results of operations that may be achieved for the entire fiscal year ending December 31, 2003.

2. The financial statements in the Partnership's 2002 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. Basic net earnings per unit are based on the weighted average number of units outstanding during the period. Diluted net earnings per unit are based on the weighted average number of units and dilutive unit options outstanding at the end of the period.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Weighted average units outstanding (in thousands):				
Basic	4,518	4,518	4,518	4,518
Dilutive effect of unit options	1	2	1	2
Diluted	4,519	4,520	4,519	4,520

Options to purchase 349,000 units with strike prices ranging from $9.30 to $27.88 were outstanding as of June 30, 2003. Options to purchase 348,000 units at prices ranging from $11.00 to $27.88 per unit were not included in the computation of diluted earnings per unit because the option exercise prices were greater than the weighted average market price for the three months ended June 30, 2003. Options to purchase 348,000 units at prices ranging from $10.40 to $27.88 were not included in the computation of diluted earnings per unit because the option exercise prices were greater than the average market price during the six-month period ended June 30, 2003.

Options to purchase 351,000 units at prices ranging from $12.51 to $27.88 per unit were outstanding as of June 30, 2002. Options to purchase 349,000 units at prices ranging from $12.75 to $27.88 were not included in the computation of diluted earnings per unit because the option exercise prices were greater than the average market prices of units during the three-month period ended June 30, 2002. Options to purchase 349,000 units at prices ranging from $12.75 to $27.88 were not included in the computation of diluted earnings per unit because the option exercise prices were greater than the average market prices of units during the six-month period ended June 30, 2002.

4. The Partnership accounts for unit-based compensation in accordance with Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees. Accordingly, compensation cost for unit options is measured as the excess, if any, of the fair value of the Partnership's units at the date of grant over the amount an employee must pay to acquire the unit.

Unit options granted have an exercise price not less than the fair value of the Partnership's unit price on the date of the grant. Had compensation expense for unit option grants been recognized based on the fair value at the grant date consistent with the Black-Scholes method described in Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation, the Partnership's net income would have been adjusted to the pro forma amounts indicated below:

	Three months ended June 30,		Six months ended June 30,	
(In thousands except per unit amounts)	2003	2002	2003	2002
Net income as reported	1,296	1,563	2,587	$1,575
Add back employee unit based Compensation expense recognized	-	-	-	-
Subtract proforma compensation Expense under SFAS 123	(72)	(78)	(135)	(155)
Proforma net income/loss Under SFAS 123	1,224	1,485	2,452	$ 1,420
As reported:				
Basic	$ 0.29	$ 0.35	$ 0.57	$ 0.35
Diluted	$ 0.29	$ 0.35	$ 0.57	$ 0.35
Proforma earnings per unit:				
Basic	$ 0.27	$ 0.33	$ 0.54	$ 0.31
Diluted	$ 0.27	$ 0.33	$ 0.54	$ 0.31

Options granted to employees during the six months ended June 30, 2003 and 2002 had fair values of $2.09 and $4.12, respectively. The fair value of options was calculated using the Black-Scholes option-pricing model, with the following assumptions:

	2003	2002
Expected life	5 years	5 years
Risk-free interest rate	3.70%	4.04%
Dividend yield	1.9%	2.2
Volatility	44%	49%

5. Supplemental disclosure of cash flow information: Interest paid amounted to approximately $776,000 and $817,000 for the three months ended June 30, 2003 and 2002, respectively. For the six months ended June 30, 2003 and 2002, interest paid amounted to $1,583,000 and $1,735,000, respectively.

6. On December 31, 2002 the contract to manage approximately 200,000 acres of timberland for Hancock Timber Resource Group (HTRG) expired. This contract represented $1.0 million of revenue for the three months and $2.0 million for the six months ended June 30, 2002.

7. Revenues and operating income by segment for the three and six months ended June 30, 2003 and 2002, respectively, are as follows:

Three Months Ended June 30, (Thousands)	Fee Timber	Timberland Management & Consulting	Real Estate	Other	Consolidated
2003					
Revenue	$ 6,366	$ 395	$ 852	$ -	$ 7,613
Eliminations	(28)	(96)	(9)		(133)
Revenue	6,338	299	843	-	7,480
Cost of sales	(2,975)	-	(217)	-	(3,192)
Operating expenses	(789)	(509)	(399)	(725)	(2,422)
Eliminations	112	16	3	2	133
Operating expenses	(677)	(493)	(396)	(723)	(2,289)
Income (loss) from operations	2,602	(114)	236	(725)	1,999
Eliminations	84	(80)	(6)	2	-
Income (loss) from operations	$ 2,686	$ (194)	$ 230	$ (723)	$ 1,999
2002					
Revenue	$ 7,377	$ 2,272	$ 689	$ -	$ 10,338
Eliminations	(27)	(350)	(26)	-	(403)
Revenue	7,350	1,922	663	-	9,935
Cost of sales	(3,378)	-	(411)	-	(3,789)
Operating expenses	(727)	(1,769)	(1,226)	(975)	(4,697)
Eliminations	120	269	14	-	403
Operating expenses	(607)	1,500	(1,212)	(975)	(4,294)
Income (loss) from operations	3,272	503	(948)	(975)	1,852
Eliminations	93	(81)	(12)	-	-
Income (loss) from operations	$ 3,365	$ 422	$ (960)	$ (975)	$ 1,852

Six Months Ended June 30, (Thousands)	Fee Timber	Timberland Management & Consulting	Real Estate	Other	Consolidated
2003					
Revenue	$ 13,154	$ 931	$ 1,014	$ -	$ 15,099
Eliminations	(41)	(248)	(18)	-	(307)
Revenue	13,113	683	996	-	14,792
Cost of sales	(5,903)	-	(223)	-	(6,126)
Operating expenses	(1,623)	(1,048)	(844)	(1,460)	(4,975)
Eliminations	255	42	5	5	307
Operating expenses	(1,368)	(1,006)	(839)	(1,455)	(4,668)
Income (loss) from operations	5,628	(117)	(53)	(1,460)	3,998
Eliminations	214	(206)	(13)	5	-
Income (loss) from operations	$ 5,842	$ (323)	$ (66)	$ (1,455)	$ 3,998
2002					
Revenue	$ 11,374	$ 4,188	$ 946	$ -	$ 16,508
Eliminations	(50)	(646)	(40)	-	(736)
Revenue	11,324	3,542	906	-	15,772
Cost of sales	(5,016)	-	(499)	-	(5,515)
Operating expenses	(1,516)	(3,498)	(1,561)	(1,828)	(8,403)
Eliminations	240	470	26	-	736
Operating expenses	(1,276)	(3,028)	(1,535)	(1,828)	(7,667)
Income (loss) from operations	4,842	690	(1,114)	(1,828)	2,590
Eliminations	190	(176)	(14)	-	-
Income (loss) from operations	$ 5,032	$ 514	$ (1,128)	$ (1,828)	$ 2,590

There have been no significant changes to segment assets since December 31, 2002.

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report contains a number of projections and statements about our expected financial condition, operating results, and business plans and objectives. These statements reflect our management's estimates based on our current goals, in light of management's expectations about future developments. Statements about expectations and future performance are "forward looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Because these statements describe our goals, objectives and anticipated performance, they are inherently uncertain, and some or all of these statements may not come to pass. Accordingly, you should not interpret our statements as promises that we will perform at a given level or that we will take any or all of the actions we currently expect to take. Our future actions, as well as our actual performance, will vary from our current expectations, and under various circumstances these variations may be material and adverse. Some of the factors that may cause our actual operating results and financial condition to fall short of our expectations are set forth in the part of this report entitled "Risks and Uncertainties" below; and other factors are discussed in our annual report on Form 10-K for the fiscal year ended December 31, 2002. Other issues that may have an adverse and material impact on our business, operating results and financial condition include those risks and uncertainties discussed in our other filings with the Securities and Exchange Commission, as well as environmental and land use regulations that limit our ability to harvest timber and develop property and economic conditions that affect consumer demand for our products and the prices we receive for them.

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

General

Pope Resources, A Delaware Limited Partnership (the "Partnership"), was organized in October 1985 as a result of a spin-off by Pope & Talbot, Inc. (P&T). The Partnership currently operates in three primary business segments: (1) Fee Timber, (2) Timberland Management & Consulting, and (3) Real Estate. Through our Fee Timber operations segment we grow and harvest timber from our own tree farms. Timberland Management & Consulting encompasses providing timberland management and forestry consulting services to third-party timberland owners. We conduct this enterprise primarily through our wholly owned indirect subsidiary, Olympic Resource Management LLC ("ORMLLC"). Until August 2001, our Real Estate operations segment consisted primarily of residential development and income-producing property operations in the resort community of Port Ludlow, Washington. Following the sale of those operations in August 2001, our Real Estate operations now consist of efforts to enhance the value of our land investments by obtaining the entitlements necessary to permit further development.

Quarter to Quarter Comparisons

The following table compares net income for the three months ended June 30, 2003 with both the three months ended June 30, 2002 and the three months ended March 31, 2003 and provides a reconciliation of major items that comprise the variances.

QUARTER TO QUARTER COMPARISONS
(Amounts in $000's except per unit data)

	Q2 2003 vs. Q2 2002		Q2 2003 vs. Q1 2003	
	Total	Per Unit	Total	Per Unit
Net income:				
2nd Quarter 2003	$1,296	$0.29	$1,296	$0.29
1st Quarter 2003			1,291	0.29
2nd Quarter 2002	1,563	0.35		
Variance	$(267)	$(0.06)	$5	$0.00
Detail of earnings variance:				
Fee Timber				
Log price realizations (A)	$(131)	$(0.03)	$(171)	$(0.04)
Log volumes (B)	(763)	(0.17)	(322)	(0.07)
Timberland sale income	40	0.01	40	0.01
Depletion	229	0.05	32	0.01
Other Fee Timber	(54)	(0.01)	(49)	(0.01)
Timberland Management & Consulting				
Management fee changes	(953)	(0.21)	(5)	0.00
Other Timberland Mgmnt & Consulting	337	0.07	(60)	(0.01)
Real Estate				
Environmental remediation reserve	730	0.16		
Operating results from sold RE op's	112	0.02		
Other Real Estate	348	0.08	526	0.11
General & administrative costs	252	0.06	9	0.00
Interest expense	41	0.01	22	0.00
Other (taxes, minority int., interest inc.)	(455)	(0.10)	(17)	0.00
Total change in earnings	$(267)	$(0.06)	$5	$(0.00)

(A) Price variance allocated based on changes in price using the higher period volume.
(B) Volume variance allocated based on change in sales volume and the average log sales price for higher margin less variance in log production costs.

Fee Timber
- ----------

Fee Timber revenue consists of the harvest and sale of logs from the Partnership's 72,000-acre tree farm located in the Hood Canal area of Washington and the 40,000-acre Columbia tree farm located in Southwest Washington. The Columbia tree farm was purchased in March 2001. Fee Timber also includes royalties from mineral and tower leases located on the Partnership's timber properties.

When discussing the Partnership's Fee Timber operations, current results are compared to both the last completed quarter and the comparable quarter from the prior year. Both of these comparisons are made to help the reader gain an understanding of the trends in market price and harvest volumes that effect Fee Timber results of operations. Revenues and operating income for the Fee Timber segment for the three-month periods ended June 30, 2003, March 31, 2003, and June 30, 2002 and the six-month periods ended June 30, 2003 and 2002 are as follows:

- ---

Three Months Ended:	Timber	Mineral, Cell Tower & Other	Total Fee Timber Revenue	Operating Income
June 30, 2003	$ 6.1 million	$ 0.2 million	$ 6.3 million	$ 2.6 million
March 31, 2003	6.5 million	0.3 million	6.8 million	3.2 million
June 30, 2002	7.2 million	0.2 million	7.4 million	3.4 million

Six Months Ended:	Timber	Mineral, Cell Tower & Other	Total Fee Timber Revenue	Operating Income
June 30, 2003	$ 12.6 million	$ 0.5 million	$ 13.1 million	$ 5.8 million
June 30, 2002	10.9 million	0.4 million	11.3 million	5.0 million

Revenue and operating income for the three months ended June 30, 2003 were 6% and 19% lower, respectively, than the three-month period ended March 31, 2003. The decrease in revenue and operating income from the three-month period ended March 31, 2003 resulted largely from a 491 thousand board feet ("MBF") (or 4%) decrease in log volume owing to management's decision to shift our planned annual harvest schedule toward the earlier months of the year and to a lesser extent a decline in weighted average price realized of $13 per MBF (or 3%).

Revenue and operating income for the three months ended June 30, 2003 were 14% and 21% lower, respectively, than the comparable period in 2002. Revenue and operating income for the quarter were lower due to a decrease of 1.9 million board feet (MMBF) (or 13%) in log volume harvested from the comparable period in 2002 combined with a decline in weighted average price realized of $9 per MBF (or 2%).

For the six months ended June 30, 2003 revenue and operating income were both 16% higher than the comparable period in 2002. The increase in revenue and operating income was due to an increase in timber harvested of 4.1 MMBF (or 19%) from the comparable period in 2002. This year-to-year comparison again was influenced by the decision in 2003 to shift our planned annual harvest schedule toward the first half of the year as discussed in more detail below.

The Partnership harvested the following timber and realized the following average log prices from its fee timberlands for the three-month periods ended June 30, 2003, March 31, 2003, and June 30, 2002:

	Three months ended		
	30-June-03	31-March-03	30-June-02
Log sale volumes (per MBF*):			
Export	1,203	1,430	1,406
Domestic	8,939	9,287	10,960
Pulp	2,069	1,679	1,904
Hardwoods	464	770	329
Total	12,675	13,166	14,599
Average price realizations (per MBF*):			
Export	$ 564	$ 592	$ 531
Domestic	532	524	544
Pulp	200	235	164
Hardwoods	563	531	459
Overall	482	495	491

* MBF=Thousand board feet

The Partnership harvested the following timber and realized the following average log prices from its fee timberlands for the six-month period ended June 30, 2003 and 2002:

	30-June-03	30-June-02
Log sale volumes (per MBF*):		
Export	2,633	2,672
Domestic	18,226	15,442
Pulp	3,748	2,845
Hardwoods	1,234	778
Total	25,841	21,737
Average price realizations (per MBF*):		
Export	$ 579	$ 541
Domestic	528	547
Pulp	216	167
Hardwoods	543	467
Overall	489	494

* MBF=Thousand board feet

The increase in log volume harvested in the first half of 2003 is due to the Partnership's decision to front-end load planned 2003 log production toward the first half of the year to mitigate against anticipated further softening of log markets through the balance of the year. In the first six months of this year we produced 58% of our planned log volume for the year, while in the same period of 2002 we produced only 49% of our annual production. The decision to shift production in this fashion is based upon management's assessment that log prices have been soft, and management does not expect recovery in those prices over the balance of the year. As a result, management has planned to sell a greater proportion of our annual timber production in the first half of this year in anticipation of potential further softening in the market over the balance of 2003. Overall log prices realized have weakened during the quarter ended June 30, 2003 as compared to the previous quarter and the comparable period in 2002, which was consistent with management expectations. The majority of our export log volume is sold through domestic intermediaries into the Japanese market. Export prices decreased 5% to $564 per MBF for the three months ended June 30, 2003 from $592 per MBF in the preceding quarter and increased 6% from $531 per MBF for the comparable period in 2002. Management attributes market price fluctuations between quarters to the impact of changes in local export log inventories.

On a year-to-date basis export prices have increased 7% to $579 per MBF as of June 30, 2003 from $541 per MBF for the comparable period in 2002. As stated above, export prices realized are influenced by local export log market inventories. Looking at a longer time horizon, the export market has declined due to several factors including a poor Japanese economy, higher transportation costs, and increased competition from logs supplied by lower cost regions. Management expects that log price premiums from the Japanese market will remain lower than historical levels because these market trends are likely to continue.

Domestic log prices for the three months ended June 30, 2003 increased $8 per MBF (2%) from the quarter ended March 31, 2003, but declined $12 per MBF (2%) from the three months ended June 30, 2002. The increase to domestic log prices during the three months ended June 30, 2003 from the preceding quarter resulted from the mix of logs sold. The Partnership harvested logs in the second quarter of 2003 that were generally of a higher quality than the first quarter resulting in the increase in price realized. The market for domestic logs has weakened slightly in the second quarter despite the nominal increase in average price realized. Domestic log prices for the six months ended June 30, 2002 were impacted by supply that has shifted from the export market to the domestic market. Adding to the supply that in previous years would have been absorbed by the export market is additional supply imported from Canada. The Canadian trade dispute has resulted in historically high levels of lumber imported into the U.S. from Canada. Historically low interest rates have resulted in strong housing starts but the additional log and lumber supply has resulted in weakening domestic prices in 2003

Pulp log volumes were 2.1 MMBF, 1.7 MMBF, and 1.9 MMBF for the three months ended June 30, 2003, March 31, 2003, and June 30, 2002, respectively. The average price realized per MBF on pulp logs were $200, $235, and $164 for the three months ended June 30, 2003, March 31, 2003, and June 30, 2002, respectively. The decrease in pulp prices from the first quarter of 2003 is attributed to an increase in pulp inventories in local mills.

Cost of Sales

Cost of sales for the Fee Timber segment consists of two components, depletion expense and harvest costs. Depletion expense represents the recognition of the cost of acquiring or growing the timber harvested and is calculated using a depletion rate developed from an accumulation of the cost of the timber, divided by the estimated volume of merchantable timber available for harvest. The depletion rate is then applied to the volume harvested to calculate depletion expense. Harvest costs represent the direct costs incurred to manufacture trees into logs and deliver those logs to their point of sale.

Fee Timber cost of sales for the three months ended June 30, 2003, March 31, 2003, and June 30, 2002 were:

Three Months Ended:	Depletion	Harvest Costs	Total
June 30, 2003	$ 0.8 million	$ 2.2 million	$ 3.0 million
March 31, 2003	$ 0.8 million	$ 2.1 million	$ 2.9 million
June 30, 2002	1.0 million	2.4 million	3.4 million

Fee Timber cost of sales for the six months ended June 30, 2003 June 30, 2002 were:

Six Months Ended:	Depletion	Harvest Costs	Total
June 30, 2003	$ 1.6 million	$ 4.3 million	$ 5.9 million
June 30, 2002	1.5 million	3.5 million	5.0 million

Depletion expense for the three months ended June 30, 2003 has decreased $32,000 from the three-month period ended March 31, 2003 as a result of a decrease in timber harvested in the second quarter relative to the first quarter. Depletion expense decreased $229,000 from the three-month period ended June 30, 2002 also due to decreased log production in the current quarter. The variances in depletion expense are due to the Partnership's decision to front load 2003 log production to the first half of the year. The decline in depletion rate from 2002 is due to normal timber inventory adjustments.

Three Months Ended:	Depletion Costs per MBF	Harvest Costs per MBF	Total
June 30, 2003	$ 64	$ 171	$ 235
March 31, 2003	64	154	218
June 30, 2002	71	164	235

Six Months Ended:	Depletion Costs per MBF	Harvest Costs per MBF	Total
June 30, 2003	$ 64	$ 164	$ 228
June 30, 2002	71	160	231

Harvest costs vary based upon the physical site characteristics of acres harvested during the year. For example, sites that are not readily accessible, or are located on a steep hillside are more expensive to harvest. Further, haul costs vary based upon the distance between the harvest area and the customer's location. Harvest costs increased in the second quarter of 2003 due to a higher mix of log volume taken from the Columbia tree farm which generally incurs larger log production costs as the terrain is more sloped and at a higher elevation than the Hood Canal tree farm.

Operating Expenses

Fee Timber operating expenses for the three months ended June 30, 2003, March 31, 2003 and June 30, 2002 were $677,000, $691,000, and $607,000, respectively. Operating expenses on a quarterly basis vary depending primarily on the timing of road maintenance and silviculture projects. Fee Timber operating expenses for the six months ended June 30, 2003 and June 30, 2002 were $1.4 million and $1.3 million, respectively.

The modest increase in year-to-date operating expenses compared to last year is due to two offsetting factors: an increase in the cost of road maintenance following Washington State's new road maintenance and abandonment rules offset by management's successful efforts to find more efficient ways of managing the Partnership's two (Hood Canal and Columbia) tree farms. The new road maintenance and abandonment rules are a result of the listing of Puget Sound salmon as an endangered species and are expected to result in an increase in road maintenance costs for the next two to three years.

Timberland Management & Consulting

Revenue and operating income (loss) for the Timberland Management & Consulting segment for the three and six-month periods ended June 30, 2003 and 2002 were as follows:

Three Months Ended:		Revenues		Operating Income (Loss)
June 30, 2003	$	0.3 million	$	(0.2) million
June 30, 2002		1.9 million		0.4 million

Six Months Ended:		Revenues		Operating Income (Loss)
June 30, 2003	$	0.7 million	$	(0.3) million
June 30, 2002		3.5 million		0.5 million

Timberland Management & Consulting revenue declined significantly for both the three and six-month periods ended June 30, 2003 when compared to the same periods in 2002. Two factors contributed to the decline in revenue: Hancock Timber Resource Group's (HTRG) decision to not renew its timberland management contract with ORMLLC in 2003 and the Partnership's decision to close its timberland consulting offices in Canada. Segment operating income declined due to the same two factors for both the three month and six month periods ended June 30, 2003 when compared to the same periods in 2002. The reduction in 2003 operating income caused by the loss of the HTRG contract was only partially offset by the closure of unprofitable forestry consulting offices in Canada.

ORMLLC became the manager of approximately 365,000 acres of industrial timberland in Washington, Oregon, and California in late 1999. Approximately 123,000 acres were managed under this contract as of June 30, 2003 and that acreage is expected to decline significantly during the remainder of 2003 as managed properties are sold. These sales are expected to result in a reduction to timberland management revenue more than offset by an additional non-recurring asset disposition fee for ORMLLC.

Operating Expenses

Timberland Management & Consulting operating expenses for the three months ended June 30, 2003 and 2002 were $493,000 and $1.5 million, respectively. Operating expenses decreased in 2003 relative to 2002 as a result of adjusting our operating expenses following the loss of the HTRG contract and closing the forestry consulting offices in Canada. On a year-to-date basis, operating expenses have declined to $1.0 million from $3.0 million for the six months ended June 30, 2003 and 2002, respectively.

Restructuring Liability

	Balances at the Beginning of the Period	Charged to Costs and Expenses	Payments	Balances at the End of the Period
Year Ended December 31, 2002	$25,000	$ 673,000	$ 232,000	$ 466,000
Three month period ended March 31, 2003	466,000	-	419,000	47,000
Three month period ended June 30, 2003	47,000	-	47,000	-

During the fourth quarter ended December 31, 2002, the Partnership recorded a $673,000 accrual that was related to the cost of closing offices and reducing staff count. These office closures and staff reductions resulted from the Partnership's decision to close its forestry consulting offices in Canada and HTRG's decision to not renew the timberland management contract with ORMLLC. No increments were added to the liability during the first six months of 2003 and actual spending against the accrual was $466,000 with the result that no balance remained of this accrued liability at June 30, 2003. All restructuring activities related to the Canadian office closures and HTRG contract were completed as of June 30, 2003.

Investor Portfolio Management Business (IPMB)

An amendment to the Limited Partnership Agreement in 1997 allows the Partnership to manage portfolio investments in timber subject to cumulative net expenditure limits of $5,000,000, including debt guarantees. The 1997 amendment to the Limited Partnership Agreement further specifies that income from the IPMB will be split using a sliding scale allocation method beginning at 80% to the Partnership's wholly-owned subsidiary, ORM, Inc., and 20% to Pope MGP, Inc., the managing general partner of the Partnership. The sliding scale allocation method will divide IPMB income equally between ORM, Inc. and Pope MGP, Inc. once such income reaches $7,000,000 in a given fiscal year.

The IPMB is currently conducted in the Timberland Management & Consulting segment and to date has consisted primarily of providing timberland management services to HTRG among others. With the loss of the HTRG contract the Partnership is working to expand IPMB opportunities. The Partnership has established and has begun offering partnership interests in ORM Timber Fund I, LP. The Partnership is marketing the fund primarily to high net worth individuals with Pope Resources investing up to $5 million of the total expected equity value of $50 million. No investments in this fund have been made as June 30, 2003. If successful this fund would generate fee income for the Timberland Management & Consulting segment.

Real Estate

The Partnership's Real Estate segment consists primarily of residential and commercial property rents and of revenue from the sale of land to developers or investors. The Partnership's real estate holdings are located in Pierce, Kitsap, and Jefferson Counties in Washington State.

Revenues and operating income for the Real Estate segment for the three and six-month periods ended June 30, 2003 and 2002 are as follows:

Three Months Ended:		Revenues		Operating Income (Loss)
June 30, 2003	$	0.8 million	$	0.2 million
June 30, 2002*		0.7 million		(1.0) million

Six Months Ended:		Revenues		Operating Income (Loss)
June 30, 2003	$	1.0 million	$	(0.1) million
June 30, 2002*		0.9 million		(1.1) million

* Includes $730,000 environmental remediation charge and $165,000 Port Ludlow home warranty charge. The environmental remediation charge was made necessary following the discovery of contaminants in excess of the original estimate and accrual made in December 2000. The home warranty charge was made necessary based on actual and anticipated home warranty liabilities from homes sold by the Partnership in Port Ludlow.

Real Estate revenues for the current period primarily represent $591,000 in proceeds from the sale of a 6-acre parcel in Everett, Washington and rent earned on residential and commercial leases at Port Gamble. Operating income for the quarter includes $400,000 of gain from the Everett land sale. Revenue for the three-month period ended June 30, 2002 includes $289,000 of revenue from the sale of developed lots from the Seabeck and Grandridge plats in addition to the rental revenue from Port Gamble. The Seabeck and Grandridge plats were sold out in 2002.

For the six months ended June 30, 2003 our real estate revenue increased $90,000 due to proceeds from the Everett land sale that exceeded declines in revenues from the sellout of the remaining lots in our Seabeck and Grandridge plats. The operating loss for the six months ended June 30, 2002 includes costs incurred while management pursues zoning and development entitlements to maximize value from the Partnership's land investments.

The Everett land sale represents an example of the Partnership's strategy for creating value in its Real Estate segment. During 2001, efforts were made to market this six-acre property located thirty miles north of Seattle. Those efforts were not successful due to uncertainties surrounding the zoning possibilities on the property. In 2002 the Real Estate group worked to secure preliminary plat approval on the Everett property and was successful obtaining that approval in early 2003. On April 1, 2003 the 6 acres were sold for $591,000. The Partnership has also successfully obtained preliminary plat approval for 89 residential lots at its property in Hansville. The next step for eventual realization of revenue on this project is marketing the project to real estate developers.

The Real Estate segment currently is working with a portfolio of approximately 2,500 acres of land that are classified by the Partnership as development properties. A list of the larger properties in this portfolio, with acreage of the properties noted in parentheses, includes the following: Port Gamble townsite (400), Gig Harbor (320), Bremerton (233), Kingston-Arborwood (720), and Hansville (248). The portfolio of development properties also includes a number of projects that are many years away from reaching their full development potential. The Gig Harbor property and possibly the Bremerton property are expected to start producing revenue to the Partnership within the next two to three years.

The Partnership's plan for Gig Harbor is to apply for a comprehensive plan amendment that would change permitted use for a 35-acre portion of this property from business park to retail/commercial uses. Such application, if successful, would allow for the site to be rezoned and sold to a "big box retailer" and, in addition, development of several commercial pads for smaller retail stores. The Partnership has been competing with another developer at the Gig Harbor property to secure a comprehensive plan amendment for this project. The Gig Harbor City Council's final decision on this comprehensive plan amendment is expected to be determined prior to the end of 2003. The YMCA of Tacoma-Pierce County has signed a purchase and sale agreement to purchase a portion of the Gig Harbor property. The sale to the YMCA is contingent upon the Partnership achieving the aforementioned comprehensive plan amendment and rezoning together with sales on two other adjoining properties.

On the Bremerton property the Partnership has secured preliminary plat approval for 24 light industrial lots. The Real Estate group is seeking approval from the City of Bremerton to allow us to begin construction on three of those lots. That approval would allow the Partnership (or a purchaser) to ramp up construction on the plat over the next few years.

Cost of Sales

Real Estate cost of sales for each of the three months ended June 30, 2003 and 2002 were $217,000 and $411,000, respectively. For the six months ended June 30, 2003 and 2002 cost of sales were $223,000 and $499,000, respectively. The decrease in cost of sales is due largely to the sales of the last of the high-cost lots in the Seabeck and Grandridge plats in 2002. Cost of sales in the Real Estate segment for the remainder of 2003 is expected to consist of costs associated with a small land sale in Jefferson County that closed in July 2003.

Operating Expenses

Real Estate operating expenses for the three-month periods ended June 30, 2003 and 2002 were $396,000 and $317,000, respectively. For the six-month period ended June 30, 2003 and 2002 operating expenses were $839,000 and $640,000, respectively. The increase in operating expenses is due to expenses associated with the rezoning applications pending for the Gig Harbor property.

Environmental Remediation

The Partnership has accrued liabilities for environmental cleanup of $393,000 and $629,000 as of June 30, 2003 and December 31, 2002, respectively. The environmental liability at June 30, 2003 includes $100,000 that the Partnership expects to expend in the next 12 months and $293,000 thereafter. The accrual represents estimated environmental remediation costs in and around the townsite of Port Gamble. Port Gamble is a historic town that was owned by Pope & Talbot (P&T) until 1985 when the townsite and other assets were spun off into the Partnership. The townsite included an operating lumber mill that operated until 1995 and was dismantled by the end of 1996. P&T continued to lease the millsite until January 2002, when a settlement agreement was signed between the Partnership and P&T that divided the responsibility for paying for environmental remediation costs in Port Gamble.

The accrued reserve is expected to allow the Partnership to meet its agreed-upon responsibility under the settlement agreement, which was initially estimated at $1.9 million. The reserve was recorded in the fourth quarter of 2000 to reflect this expected cost. While the remediation activities were progressing during 2002, contaminants in excess of those originally estimated to be at the site were discovered during the quarter ended June 30, 2002. As a result of this discovery, the Partnership requested its environmental consultant to update the estimate of the cost to complete the environmental remediation activities. The revised estimate increased the estimated total cost to complete Pope Resources' portion of the remediation project by $730,000 and the Partnership subsequently increased its reserve for environmental remediation liability by this same $730,000 as of June 30, 2002.

Activity in the Environmental Remediation liability is detailed as follows:

	Balances at the Beginning of the Period	Charged to Costs and Expenses	Payments	Balances at the End of the Period
Year Ended December 31, 2000	$120,000	$ 1,956,000	$ 206,000	$ 1,870,000
Year Ended December 31, 2001	1,870,000	-	461,000	1,409,000
Year Ended December 31, 2002	1,409,000	730,000	1,510,000	629,000
Period ended March 31, 2003	629,000	-	74,000	555,000
Period ended June 30, 2003	555,000	-	162,000	393,000

General and Administrative (G&A)

General and administrative expenses for the three months ended June 30, 2003 and 2002 were $723,000 and $975,000, respectively. For the six months ended June 30, 2003 and 2002 general and administrative expenses were $1.5 million and 1.8 million, respectively. The decrease is largely the result of continued efforts to decrease the size of the Partnership's administrative functions following the loss of the HTRG contract and closing of the timberland consulting offices in Canada. The majority of the decrease was from a reduction in administrative staff to 10 employees at June 30, 2003 from 18 employees at June 30, 2002. The Partnership is projecting G&A expenses for 2003 to approximate $3.0 million as compared to $3.9 million in 2002.

Interest Income and Expense

Interest income for the three-month period ended June 30, 2003 declined to $75,000 from $128,000 at June 30, 2002. On a year-to-date basis interest income declined to $152,000 as of June 30, 2003 from $239,000 at June 30, 2002. The decline in interest income is due to the reduction in the balance of the note receivable from the purchaser of Port Ludlow. This note is due in full in August 2004 and has a balance of $1.5 million as of June 30, 2003.

Interest expense for the three-month period ended June 30, 2003 and 2002 was $769,000 and $810,000, respectively. On a year-to-date basis interest expense was $1.6 million and $1.7 million as of June 30, 2003 and 2002, respectively. The Partnership's debt consists primarily of mortgage debt with a fixed interest rate. The decrease in interest expense is the result of our annual principal payments on that debt that are due April 1st each year.

Income Tax

Pope Resources is a limited partnership and is therefore not subject to corporate income tax. Taxable income/loss is reported to unitholders each year on a Form K-1 for inclusion in each unitholder's tax return. Pope Resources does have corporate subsidiaries that are subject to income tax.

For the three months ended June 30, 2003 the Partnership recorded a $9,000 tax provision as compared to a $425,000 tax benefit for the comparable period in the prior year. On a year-to-date basis, the Partnership recorded a $3,000 tax provision in 2003 and a tax benefit of $441,000 in 2002. The 2002 tax benefit resulted from a loss recognized in connection with investment in our Canadian subsidiary.

Supplemental Segment Information

The following table provides comparative operating information for the Partnership's segments:

SEGMENT INFORMATION
(all amounts in $000's)

	Three months ended June 30, 2003	Three months ended June 30, 2002	Six months ended June 30, 2003	Six months ended June 30, 2002
Revenues:				
Fee Timber	$6,338	$7,350	$13,113	$11,324
Timberland Management & Consulting (TM&C)	299	1,922	683	3,542
Real Estate	843	663	996	906
Total	7,480	9,935	14,792	15,772
EBITDDA*:				
Fee Timber	3,531	4,433	7,561	6,629
TM&C	(180)	473	(289)	623
Real Estate	250	(946)	(27)	(1,099)
General & administrative	(629)	(900)	(1,264)	(1,633)
Total	2,972	3,060	5,981	4,520
Depreciation, depletion and amortization:				
Fee Timber	845	1,068	1,719	1,597
TM&C	14	51	34	109
Real Estate	20	14	39	29
General & administrative	94	107	191	227
Total	973	1,240	1,983	1,962
Operating income (loss):				
Fee Timber	2,686	3,365	5,842	5,032
TM&C	(194)	422	(323)	514
Real Estate	230	(960)	(66)	(1,128)
General & administrative	(723)	(975)	(1,455)	(1,828)
Total	$1,999	$1,852	$3,998	$2,590

*EBITDDA= Earnings before interest, income tax, depletion, depreciation, and amortization. The Company considers earnings (net income or loss) before interest expense, income taxes, depreciation, depletion and amortization (EBITDDA) to be a relevant and meaningful indicator of liquidity and earnings performance commonly used by investors, financial analysts and others in evaluating companies in its industry and, as such, has provided this information in addition to the generally accepted accounting principle-based presentation of net income or loss.

Analysis of Operating Income

The following table sets forth expenses as a percentage of revenues for the three months and six months ended June 30, 2003 and 2002:

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Revenues	100%	100%	100%	100%
Cost of sales	42	38	41	35
Operating expenses	21	33	22	37
General, and administrative expenses	10	10	10	12
Operating income	27%	19%	27%	16%

Cost of sales includes depletion on timber harvested and the cost of purchasing and producing tangible goods for sale. Cost of sales for the Partnership will fluctuate due to the mix of revenue between the sale of tangible goods and revenue generated from providing services. Cost of sales as a percentage of revenue increased 4% (to 42%) for the three months ended June 30, 2003 from 38% in the comparable period in 2002. For the six months ended June 30, 2003 cost of sales as a percentage of revenues increased 6% (to 41%) from 35% for the comparable period in 2002. The increase is attributable to the increased proportion of total revenue derived from the sale of logs off the Partnership's tree farms relative to service fees earned by providing timberland management services (the latter generates no cost of sales to correlate with reported revenues). For the three months ended June 30, 2003, Fee Timber revenue represented 85% of total revenue versus 74% for the comparable period in 2002 and for the six months ended June 30, 2003 Fee Timber represented 89% of total revenue versus 72% for the comparable period in 2002.

Operating expenses consist of salary and other costs directly attributable to revenue-generating activity. As a percentage of revenue, operating expenses have decreased 12% (to 21%) for the three months ended June 30, 2003 from 33% for the comparable period in 2002. For the six months ended June 30, 2003 operating expenses as a percentage of revenue have decreased 15% (to 22%) from 37% for the comparable period in 2002. The decrease in operating expenses as a percentage of revenue is also due to the change in the Partnership's mix of operating activities in 2003. Beginning January 1, 2003 ORMLLC is no longer providing timberland management services to HTRG and the forestry consulting offices in Canada were closed. Operating expenses for both of these activities were significant relative to revenue generated.

As a percent of revenue, G&A expenses were consistent at 10% of revenue for both the three months ended June 30, 2003 and 2002. For the six months ended June 30, 2003 G&A expenses as a percentage of revenue declined 2% (to 10%) from 12% for the comparable period in 2002. General and administrative expenses have been managed down over the last couple years as the Partnership has exited less profitable operations and commensurately pared back overhead costs.

Liquidity and Capital Resources

We ordinarily finance our operations using funds from operations and, where appropriate in management's assessment, using bank lines of credit. Funds generated internally from operations and externally through financing are expected to provide the required resources for the Partnership's capital expenditures. The Partnership's debt-to-total capitalization ratio was 45% at June 30, 2003. Management considers its capital resources to be adequate for its current plans and does not anticipate any significant changes in its debt-to-total capitalization ratio over the next 12 months.

Management has discretion to increase or decrease the volume of logs cut, which has a corresponding impact on net income and cash flow. Management's current plan is to harvest approximately 19 MMBF of timber over the remaining six months of 2003 for a total fiscal 2003 harvest of 45 million board feet. Since harvest plans are based on demand and pricing, actual harvesting may vary subject to management's ongoing review.

In the six months ended June 30, 2003, cash generated by operating activities was $3.9 million and overall cash and cash equivalents increased $975,000 from December 31, 2002. Cash used in investing activities for the three months ended June 30, 2003 was $706,000 and consisted of reforestation expenditures, capital improvements to buildings at the Port Gamble townsite, and capitalized expenditures for the Gig Harbor property. Cash used in financing activities included a mortgage principal payment of $1.6 million, two unitholder distributions totalling $452,000 and a minority interest payment of $161,000. Capital expenditures for the year 2003 are expected to be approximately $2.1 million.

In the first six months of 2002, cash generated by operating activities was $4.6 million and overall cash and cash equivalents increased $2.7 million from December 31, 2001. Cash used in investing activities for the six months ended June 30, 2002 consisted of capital expenditures of $1.1 million netted against proceeds from the sale of an office building acquired with the Columbia tree farm in March 31, 2001 of $425,000. Capital expenditures for the six months ended June 30, 2002 consist of reforestation, road building, and other miscellaneous capital additions. Cash used in financing activities included a mortgage principal payment of $1.1 million and a minority interest distribution of $170,000.

Seasonality

Fee Timber. The Partnership owns a total of 112,000 acres of timberland in Washington State. Our timber acreage is concentrated in two tree farms: the 72,000 acre Hood Canal tree farm located in Kitsap, Jefferson, Mason Counties on the eastern side of Washington's Olympic Peninsula, and the 40,000 acre Columbia tree farm located in Cowlitz, Clark, Lewis, Skamania, and Pierce counties on the western side of Washington's Cascade mountain range.

The Hood Canal tree farm is concentrated at low elevations, which permits us to harvest trees year-round. Generally, we concentrate our harvests from this farm in the winter and spring when supply, and thus competition, is typically lower and, accordingly, when we can expect to receive higher prices. We ordinarily reduce our harvest from the Hood Canal tree farm in the summer months. In 2000 we acquired the Columbia tree farm as a means to use our resources more efficiently and to improve our operating cash flow in the summer and fall. Because the Columbia tree farm is less accessible in the winter months, we plan to harvest from that tree farm primarily in the summer and early fall. The result, management believes, will be a reduction in the seasonal variations we have experienced from our fee timber operations in recent years.

Timberland Management & Consulting. Timberland Management & Consulting operations are not significantly seasonal.

Real Estate. While Real Estate results are not expected to be seasonal, the nature of the activities in this segment will likely result in large non-recurring transactions that may have large positive or negative impacts on revenue and operating income of the Partnership. Moreover, we expect to continue to see some seasonal fluctuations in this segment because of the effects of weather on Pacific Northwest development.

Risks and Uncertainties

Our business is subject to a number of risks and uncertainties, any one or more of which could impact our operating results and financial condition materially and adversely. Some of these risks are discussed in greater detail below, arranged according to business segment. In addition, we face a number of risks that affect our business generally. The Partnership competes against much larger companies in each of its business segments. These larger competitors may have access to larger amounts of capital and significantly greater economies of scale. Land ownership carries with it the risk of incurring liabilities due to accidents that take place on the land and previously undiscovered environmental contamination. The Partnership endeavors to maintain adequate accruals to reflect the cost of remediating known environmental contamination and other liabilities resulting from land ownership, however these estimates may prove to be inadequate as additional information is discovered. A more thorough discussion of the risks and uncertainties that may affect our business is contained in the Annual Report on Form 10-K for the fiscal year ended December 31, 2002, and in our various other filings with the Securities and Exchange Commission. You should review these risks in deciding whether to invest in Partnership units, and you should recognize that those factors are not an exhaustive list of risks that could cause us to deviate from management's expectations. Readers also are cautioned that, in reviewing these risk factors, the factors contained in this report and in our other SEC filings are effective as of the date the filing was made, and we cannot undertake to update those disclosures.

Fee Timber

Fee Timber revenue is generated primarily through the sale of softwood logs to both domestic mills and third-party intermediaries selling to the export market. The markets for these products are significantly affected by fluctuations in U.S. and Japanese economies, as well as by the foreign currency exchange rate between the Japanese yen and the U.S. dollar. The Partnership has seen the price of logs erode in the Japanese market as competing logs and lumber from regions outside of the U.S. and engineered wood products have gradually gained market acceptance. Easy access to a strong market for logs is important to the Partnership's profitability. To the extent that local mill closures reduces competition for wood products in the Puget Sound region the Partnership's profitability may be negatively affected.

The ability of the Partnership to grow and harvest timber can be significantly impacted by legislation, regulations or court rulings that restrict or stop forest practices. Restrictions to logging, planting, road building, fertilizing, managing competing vegetation and other activities can significantly increase the cost or reduce available inventory thereby reducing income.

Timberland Management & Consulting

The majority of our Timberland Management & Consulting revenue is generated through one client. The revenue generated from this client is expected to taper off and end by the end of 2003. Management is working to expand our customer base through market outreach efforts.

As a component of those efforts, we have renewed our focus on the Investor Portfolio Management Business ("IPMB"), which is a component of our Timberland Management & Consulting segment. However, unlike many other components of our business, which relate solely or primarily to real estate and timber operations, this line of business carries risks relating to the offer and sale of securities, and to the management of investment operations, including potential liability to investors if we are determined to have made material misstatements or omissions to those investors, potential accusations that we have breached fiduciary duties to other limited partners, and similar types of shareholder action. Moreover, litigation of shareholder-related matters can be expensive and time consuming, and if brought, would likely distract management from their focus on ordinary operating activities.

Real Estate

The value of the Partnership's real estate investments is subject to changes in the economic and regulatory environment, as well as various land use regulations and development risks, including the ability to obtain the necessary permits and zoning variances that would allow us to maximize our revenues from our real estate investments. The Partnership's real estate investments are long term in nature, which raises the risk that unforeseen changes in the economy or laws surrounding development activities may have an adverse affect on the Partnership's investments. Moreover, these investments often are highly illiquid and thus may not generate cash flow if and when needed to support our other operations.

Contractual Obligations, Commercial Commitments and Contingencies

The Partnership's commitments at June 30, 2003 consist of its revolving term loan, performance bonds, and operating leases entered into in the normal course of business.

	Payments Due By Period/ Commitment Expiration Period				
Obligation or Commitment	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Total debt	$37,626,000	$1,569,000	$3,219,000	$2,976,000	$29,862,000
Performance bonds	100,000	-	-	-	-
Capital lease obligations	-	-	-	-	-
Operating Leases	216,000	103,000	107,000	6,000	-
Unconditional purchase obligations	-	-	-	-	-
Other long term obligations	468,000	100,000	40,000	40,000	288,000
Total contractual obligations	$38,410,000	$1,772,000	$3,366,000	$3,022,000	$30,150,000

As described above, the Partnership has debt totaling $37.6 million as of June 30, 2003. Other long-term obligations include the Partnership's $393,000 estimated liability as of June 30, 2003 for environmental remediation in and around the Port Gamble townsite and a $175,000 liability for a supplemental employment retirement plan. The Partnership expects to spend $123,000 in connection with these liabilities over the next twelve months.

Capital Expenditures and Commitments

Total capital expenditures in 2003 are currently expected to be approximately $2.1 million, of which $716,000 has been expended through June 30, 2003; however, these expenditures could be increased or decreased as a consequence of future economic conditions. The Partnership expects that the funds for these expenditures will be generated internally through operations and externally through financing.

Cost of Compliance with Government Regulation

Compliance with laws, regulations and demands usually involves capital expenditures as well as operating costs. The Partnership cannot easily quantify future amounts of capital expenditures required to comply with these laws, regulations and demands, or the effects on operating costs, because in some instances compliance standards have not been developed or have not become final or definitive. Accordingly, at this time the Partnership has not quantified any future capital requirements to comply with any new regulations being developed by the United States or Canadian regulatory agencies.

Litigation

The Partnership may from time to time be a defendant in lawsuits arising in the ordinary course of business. As of June 30, 2003 and as of the date of this report, there was no litigation pending or, to the Partnership's knowledge, threatened that, if determined adversely to the Partnership, would have a material adverse effect on the Partnership's business, operating results or financial condition.

ACCOUNTING MATTERS

Critical Accounting Policies and Estimates

The Partnership believes its most critical accounting policies and estimates include those related to management's calculation of timber depletion and liabilities related to matters such as environmental remediation, and potential asset impairments. In relation to liabilities, potential impairments and other estimated charges, it is management's policy to conduct ongoing reviews of significant accounting policies and assumptions used in the preparation of the financial results of the Partnership. The assumptions used are tested against available and relevant information and reviewed with subject-matter experts for consistency and reliability. During the preparation of financial results, tests are conducted to ascertain that the net book carrying values of assets are not in excess of fair values. These tests use current market information, if available, or other generally accepted valuation methods, such as future cash flows. When the use of estimates is necessary, an exact answer is unlikely, and therefore, the reporting within a range of likely outcomes is used in the preparation of the financial statements. Tests are also applied in order to be reasonably assured that liabilities are properly reflected on the records of the Partnership and that the notes to the financial statements are prepared in a fashion that informs readers of possible outcomes and risks associated with the conduct of business.

Depletion: Depletion represents the cost of timber harvested and is charged to operations by applying a depletion rate to volume harvested during the period. The depletion rate is calculated on January 1st of each year by dividing the Partnership's cost of merchantable timber by the volume of merchantable timber. Merchantable timber is defined as timber that is equal to or greater than 40 years of age.

The cost of replanting acres harvested is initially capitalized to pre-merchantable timber. After 40 years, such costs are reclassified from pre-merchantable to merchantable timber and are then incorporated into the cost base for purposes of calculating the depletion rate. The cost of acquiring the Columbia tree farm was allocated to the age classes of timber purchased and are incorporated into the merchantable timber inventory when those stands turn 40 years old.

Inventory volumes take into account the applicable state and federal regulatory limits on timber harvests as applied to the Partnership's properties, including the new Forests and Fish law that supplements Washington State's forest practice regulations to provide for expanded riparian management zones, wildlife leave trees, and other harvest restrictions. The timber inventory volume is accounted for by the Partnership's standing timber inventory system, which utilizes periodic statistical sampling of the timber (cruising) with annual adjustments made for estimated growth and the depletion of areas harvested. To calculate the depletion rate the Partnership has determined that a combined pool representing costs and volume of both the Hood Canal and Columbia tree farms is the most appropriate method to use.

The Partnership's decision to calculate a pooled rate representing both tree farms (versus a separate rate for each tree farm) gave considerable weight to a key reason for the Columbia tree farm acquisition: namely, to fill in an age class gap on the Hood Canal tree farm. A combined pool approach is consistent with the way in which the tree farms are managed as a single investment. Given that the tree farms are managed as a single investment it was deemed appropriate to apply one rate to both tree farms even though the cost basis for each are different.

Fertilization costs: The Partnership fertilized stands in 2002 that it expects to harvest within five to ten years. These costs are capitalized and included in the depletion pool as the stands are harvested.

Road costs: The cost of building and significant resurfacing work on permanently maintained roads is capitalized. Capitalized road costs are expensed as timber is harvested by applying an amortization rate representing the capitalized road costs divided by estimated merchantable inventory (as used in the depletion calculation discussed above) to the volume of timber harvested during the reporting period. The cost of building temporary roads and maintaining roads is expensed as incurred.

Environmental remediation: The environmental remediation liability represents estimated payments to be made to remedy and monitor certain areas in and around the townsite of Port Gamble. Port Gamble is a historic town that was operated by Pope & Talbot, Inc. (P&T), a related party, until 1985 when the townsite and other assets were spun off to the Partnership. P&T leased the mill site at Port Gamble through January 2002, when it signed an agreement with the Partnership dividing the responsibility for environmental remediation of Port Gamble between the two parties.

The environmental remediation liability is based upon an estimate of the Partnership's portion of the clean-up costs under this agreement. During the second quarter of 2002 the environmental liability increased $0.7 million as a result of costs to complete the Partnership's share exceeding the original estimate. While the majority of the Partnership's portion of the clean up efforts are complete, there remains the possibility that the remaining remediation or monitoring activities may exceed estimates resulting in an additional environmental remediation charge.

Deferred tax assets: The Partnership has a United States subsidiary corporation that has $1.3 million of deferred tax assets as of December 31, 2002. The majority of this balance represents net operating loss carryforwards resulting from the liquidation of our subsidiary in Canada. The Partnership forecasts that the United States subsidiary corporation will earn income over the next five years resulting in the utilization of this tax asset.

Land development costs: Our Real Estate department is working to bring properties to the point where physical construction of the properties' planned end use can begin. The extent of such efforts varies from property to property but the process for each discrete parcel has elements in common with other parcels. We refer to these efforts as the "Entitlement Process." The Entitlement Process may consist of one or more of the following steps: obtaining the necessary amendments to a county's comprehensive plan, pursuing zoning adjustments, developing site plans and a preliminary plat for the property, ensuring adequate access to the property, and making available necessary access to utilities (such as water, power and sewer).

For projects where changes to zoning or comprehensive plan ("Comp Plan") provisions are required, costs incurred in the Entitlement Process prior to securing such changes will be expensed. The rationale for this is that there are too many uncertainties and contingencies attached to zoning and Comp Plan changes. Where the zoning and/or Comp Plan is inconsistent with the planned project, the probability of success is sufficiently low that expensing of costs pursuant to such rezone or Comp Plan amendments is deemed appropriate. For projects not requiring a rezone or change to a Comp Plan (or, once such changes are secured if applicable), Entitlement Process costs for such projects will be capitalized. Such capitalized costs will include salary costs to the extent that an employee's efforts are primarily dedicated to furthering development of the project.

Accounting for unit options: The Partnership accounts for employee unit-based compensation in accordance with APB Opinion No. 25, Accounting for Stock Issued to Employees. Accordingly, compensation cost for unit options is measured as the excess, if any, of the fair value of the Partnership's units at the date of grant over the amount an employee must pay to acquire the unit.

Unit options granted have an exercise price not less than the fair value of the Partnership's unit price on the date of the grant. Had compensation expense for unit option grants been recognized based on the fair value at the grant date consistent with the Black-Scholes method described in SFAS No. 123, Accounting for Stock-Based Compensation, the Partnership's net income would have included a $72,000 expense for the cost of options vesting during the three months ended June 30, 2003 and a $135,000 expense during the six months ended June 30, 2003.

Item 3
QUANTITATIVE AND QUALITATIVE DISCLOSURES
ABOUT MARKET RISK

Interest Rate Risk

As of June 30, 2003, the Partnership had $37.6 million of fixed rate debt outstanding with a fair value of approximately $43.2 million based on the current interest rates for similar financial instruments. A change in the interest rate on fixed rate debt will affect the fair value of the debt, whereas a change in the interest rate on variable rate debt will affect interest expense and cash flows. A hypothetical 1% change in prevailing interest rates would change the fair value of the Partnership's fixed-rate long-term debt obligations by $2.4 million but would not affect our revenues or cash flows.

Item 4
CONTROLS AND PROCEDURES

The Partnership's management maintains an adequate system of internal controls to promote the timely identification and reporting of material, relevant information. Those controls include requiring executive management and all managers in accounting roles to sign a Code of Ethics. The Partnership also has implemented a system to provide for the confidential submission by employees of concerns about accounting and financial matters. Additionally the Partnership's senior management team meets regularly to discuss significant transactions and events effecting the Partnership's operations. The Partnership's President & CEO, and V.P. & CFO, lead these meetings and consider whether topics discussed represent information that should be disclosed under the rules of the SEC. The Board of Directors of the Partnership's general partner includes an Audit Committee. The Audit Committee reviews our earnings releases and all reports on Form 10-Q and 10-K prior to their filing. The Audit Committee is responsible for hiring the Partnership's external auditors and meets with those auditors at least three times each year.

The Partnership's President & CEO and V.P. & CFO are responsible for establishing and maintaining disclosure controls and procedures. They have designed such controls to ensure that all material information is made known to them by others within the organization. Management regularly evaluates ways to improve internal controls.

Our executive officers completed an evaluation of the disclosure controls and procedures and has determined them to be functioning properly and effectively as of June 30, 2003. They did not discover any significant deficiencies or material weaknesses within the controls and procedures that required modification.

Since the completion of that evaluation, there have been no significant changes in internal controls or in other factors that are likely to significantly affect internal controls.

PART II
- -------

Item 1: Legal Proceedings

From time to time, the Partnership may be subject to legal proceedings and claims that may have a material adverse impact on its business. Management is not aware of any current legal proceedings or claims that will have, individually or in the aggregate, a material adverse impact on its business, prospects, financial condition or results of operations.

Item 2: Changes in Securities and Use of Proceeds

None

Item 3: Defaults upon Senior Securities

None

Item 4: Submission of Matters to a Vote of Security Holders

None

Item 5: Other Information

None

Item 6. Exhibits and Reports on Form 8-K

Forms 8-K.

On July 21, 2003, the Partnership filed a report on Form 8-K reporting earnings for the three-month period ended June 30, 2003.

On July 11, 2003 the Partnership filed a report on Form 8-K with a Regulation FD disclosure of a presentation that subsequently was provided to certain parties to answer questions about potential investments in Pope Resources.

Exhibits.

31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a).

31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a).

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 (furnished with this report in accordance with SEC Rel. No. 33-8238 (June 5, 2003).

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (furnished with this report in accordance with SEC Rel. No. 33-8238 (June 5, 2003).

99.1 Press Release of the Registrant dated July 21, 2003, incorporated by reference to the Current Report on Form 8-K filed by the Registrant on July 21, 2003

99.2 Presentation provided to prospective investors, incorporated by reference to the Current Report on Form 8-K filed by the registrant on July 11, 2003

SIGNATURES

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, on August 8, 2003.

POPE RESOURCES,
A Delaware Limited Partnership

By: POPE MGP, Inc.
Managing General Partner

By: /s/ David L. Nunes

David L. Nunes
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Thomas M. Ringo

Thomas M. Ringo
Vice President and CFO
(Principal Accounting and Financial Officer)

LIST OF EXHIBITS

Exhibits.

31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a).
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99.1	Press Release of the Registrant dated July 21, 2003, incorporated by reference to the Current Report on Form 8-K filed by the Registrant on July 21, 2003
99.2	Presentation provided to prospective investors, incorporated by reference to the Current Report on Form 8-K filed by the registrant on July 11, 2003

Exhibit 31.1

CERTIFICATION

I, David L. Nunes certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pope Resources, a Delaware Limited Partnership;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) and internal control for financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and

d) disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

Date: August 8, 2003

/s/ David L. Nunes

David L. Nunes   President and CEO

Exhibit 31.2

CERTIFICATION

I, Thomas M. Ringo certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pope Resources, a Delaware Limited Partnership;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) and internal control for financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and

d) disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

Date: August 8, 2003

/s/Thomas M. Ringo
- ------------------
Thomas M. Ringo   V.P. and CFO

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Pope Resources on Form 10-Q for the quarter ended June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Periodic Report"), I, David L. Nunes, Chief Executive Officer of the Partnership, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Periodic Report fully complies with the requirements of Section 13(a) of 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

/s/ David L. Nunes
- ------------------
David L. Nunes
President and Chief Executive Officer
Pope MGP
August 8, 2003

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Pope Resources on Form 10-Q for the quarter ended June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Periodic Report"), I, Thomas M. Ringo, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Periodic Report fully complies with the requirements of Section 13(a) of 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

/s/ Thomas M. Ringo
Thomas M. Ringo
Vice President and Chief Financial Officer
August 8, 2003