

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported) September 30, 2003

Pope Resources, A Delaware Limited Partnership  
(Exact name of registrant as specified in its charter)

Delaware

91-1313292

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(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

19245 Tenth Avenue NE, Poulsbo, Washington 98370

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(Address of principal executive offices) (ZIP Code)

Registrant's telephone number, including area code (360) 697-6626

NOT APPLICABLE

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(Former name or former address, if changed since last report.)

INFORMATION TO BE INCLUDED IN THE REPORT

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Item 5. OTHER EVENTS AND REGULATION FD DISCLOSURE

On October 23, 2003 the registrant issued a press release relating to its earnings for the quarter ended September 30, 2003. A copy of that press release is attached hereto as Exhibit 99.1.

Item 7. FINANCIAL STATEMENTS AND EXHIBITS

Exhibit No.	Description
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99.1	Press release of the registrant dated October 23, 2003

SIGNATURES

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Pursuant to the requirements of Section 13 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

DATE: October 23, 2003

BY: /s/ Thomas M. Ringo

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Thomas M. Ringo  
Vice President and Chief Financial Officer,  
Pope Resources, A Delaware Limited  
Partnership, and Pope MGP, Inc., General



## Pope Resources Reports Third Quarter Earnings of \$941,000

POULSBO, Wash.--(BUSINESS WIRE)--Oct. 23, 2003--Pope Resources (Nasdaq:POPEZ) reported net income of \$941,000, or 21 cents per diluted ownership unit, on revenues of \$6.6 million for the third quarter ended September 30, 2003. This compares to net income of \$1.1 million, or 24 cents per diluted ownership unit, on revenues of \$8.7 million, for the same period in 2002.

Net income for the nine months ended September 30, 2003 totaled \$3.5 million, or 78 cents per diluted ownership unit, on revenues of \$21.4 million. Net income for the corresponding period in 2002 totaled \$2.6 million, or 58 cents per diluted ownership unit, on revenues of \$24.4 million.

"We expected a pattern of softening log prices to unfold over the course of 2003 and this has in fact happened," said David L. Nunes, President and CEO. "Our average realized log price for each of the first, second, and third quarters of this year have been \$495, \$482, and \$456, respectively. Given this price trend expectation, we weighted our 2003 log production early in the calendar. As of the end of 2003's third quarter, we have produced 85% of our anticipated annual volume, compared to 75% at this time last year. This front-loading of volume is the principal reason our overall year-to-date results for 2003 compare favorably to 2002. Real Estate segment results for this year-to-date are much improved over 2002's comparable period due primarily to \$895,000 of expense accruals recorded in the second quarter of 2002 that did not recur in 2003. More than offsetting these improvements, however, is the decline in income from our third-party Timberland Management and Consulting segment associated with significantly reduced acres under management in 2003 following the December 31, 2002 termination of our management contract with Hancock Timber Resource Group. Overhead costs for year-to-date 2003 are nearly 25% lower than the prior year's comparable period, reflective of changes implemented in our support infrastructure following the reduction in acres managed."

## Fee Timber

Operating income from Fee Timber operations totaled \$2.6 million in both the third quarter of 2003 and the third quarter of last year. Harvest volume of 12.0 million board feet (MMBF) in the current quarter was down only slightly from 12.2 MMBF in the same quarter a year ago. However, the Partnership's weighted average log price of \$456 per thousand board feet (MBF) for the third quarter of 2003 was down \$21/MBF (or 4%) from the third quarter of 2002, and down \$26/MBF (or 5%) from the second quarter of 2003. Average export log prices realized were down \$44/MBF (or 8%) in the third quarter of 2003 compared with the third quarter of 2002, and also declined \$22/MBF (or 4%) in the third quarter of 2003 from the second quarter of 2003. In our domestic log market, harvest closures due to forest fire conditions in the Pacific Northwest created some temporary upward pressure on prices -- but not enough to overcome broader softness in log pricing due to excess supply. Domestic conifer log prices moved down \$29/MBF (or 6%) per MBF in the current quarter compared to the third quarter of 2002, and also lower by \$40/MBF (or 8%) when compared to the second quarter of 2003. Stronger pricing for both hardwood and pulpwood logs partially offset lower prices in export and domestic conifer markets. Given comparable harvest volumes between the third quarters of 2003 and 2002, and lower unit prices in 2003 compared to 2002, operating income for the two periods was nearly identical due to \$237,000 of earnings from three small timberland sales combined with lower operating costs.

For the first nine months of 2003, operating income was \$8.4 million compared to \$7.6 million for the first nine months of 2002. Harvest volume of 37.9 MMBF for the first nine months of 2003 was up nearly 4.0 MMBF, or 12% higher compared with the harvest level in the same period a year ago, again owing to our front-loading of planned volume for the year. The Partnership's weighted average log price of \$478/MBF for the first nine months of 2003 was down \$10/MBF (or 2%) from the comparable period in 2002. Average export log prices realized were up \$8/MBF (or 1%) in the first nine months of 2003 compared with the same period in 2002. In our domestic conifer log market, average log prices were down \$23/MBF (or 4%) in the first nine months of 2003 compared with the same period in 2002. Overall log realizations benefited from significantly higher hardwood log prices, which increased \$70/MBF (or 15%) for the first nine months of 2003 compared with the same period in 2002.

For the balance of 2003 the Partnership expects to harvest 7 MMBF for a total annual harvest of approximately 45 MMBF, an annual cut that is anticipated to be sustainable for the foreseeable future.

## Timberland Management & Consulting

For the third quarter and first nine months of 2003, this segment generated operating losses of \$122,000 and \$445,000, respectively. These results compare unfavorably with the third quarter and first nine months of 2002, when this segment generated operating income of \$539,000 and \$1.1 million, respectively. The Partnership's acres under management have declined significantly since late 2002 with the expiration of a major contract at December 31, 2002. This factor alone has contributed approximately \$800,000 to the negative variance between 2003 and 2002 year-to-date results.

### Real Estate

The Real Estate segment recorded an operating loss of \$192,000 in the current quarter, compared to a loss of \$190,000 for the comparable period in 2002. For the first nine months of 2003 and 2002, the Real Estate segment recorded operating losses of \$258,000 and \$1.3 million, respectively. The disparity in comparative year-to-date results is due principally to two accruals totaling \$895,000: one for environmental cleanup in Port Gamble (\$730,000) and the other for home warranty liabilities in Port Ludlow (\$165,000). Prior to these accruals, the segment generated an operating loss of \$423,000 for the first nine months of 2002. Improvements in the financial performance of the historic milltown of Port Gamble account for the balance of the improved year-to-date results.

### General and Administrative

In response to the loss of acres under management at year-end 2002, the Partnership reduced its overhead cost structure. As such, general and administrative costs for the third quarter 2003 declined by 32% from the third quarter of 2002 to \$649,000. Year-to-date costs of \$2.1 million are 25% below the comparable level in 2002 due to these same reductions in overhead. The Partnership expects this pattern of overhead savings to be reflected in results for the full year 2003.

Capital expenditures for the first nine months of 2003 and 2002 were \$1.1 million and \$1.5 million, respectively. The Partnership's debt to total capitalization ratio was 45% as of September 30, 2003, down from 47% at the end of 2002.

### About Pope Resources

Pope Resources, a publicly traded limited partnership, and its subsidiaries Olympic Resource Management and Olympic Property Group, own or manage approximately 217,000 acres of timberland and development property in Washington, Oregon, and California. In addition, we provide forestry consulting and timberland management services to third-party owners and managers of timberland. The company and its predecessor companies have owned and managed timberlands and development properties for more than 150 years. Additional information on the company can be found at [www.orm.com](http://www.orm.com). The contents of our website are not incorporated into this release or into our filings with the Securities and Exchange Commission.

This press release contains a number of projections and statements about our expected financial condition, operating results, business plans and objectives. These statements reflect management's estimates based on current goals and its expectations about future developments. 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, they should not be interpreted as promises of future management actions or financial performance. Our future actions and actual performance will vary from current expectations and under various circumstances these variations may be material and adverse. Some of the factors that may cause actual operating results and financial condition to fall short of expectations are set forth in that part of our Annual Report on Form 10-K entitled "Management's Discussion & Analysis of Financial Condition and Results of Operation - Risks and Uncertainties." 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 factors that affect our ability to respond adequately to fluctuations in the market prices for our products; environmental and land use regulations that limit our ability to harvest timber and develop property; labor, equipment and transportation costs that affect our net income; and economic conditions that affect consumer demand for our products and the prices we receive for them.

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.

Pope Resources, A Delaware Limited Partnership  
Unaudited

CONSOLIDATED STATEMENTS OF OPERATIONS  
(all amounts in \$000's)

	Three months ended		Nine months ended	
	Sept.30, 2003	2002	Sept. 30, 2003	2002
Revenues	\$ 6,565	\$ 8,654	\$21,357	\$ 24,426
Costs and expenses:				
Cost of sales	(2,758)	(2,964)	(8,757)	(8,479)
Operating expenses	(2,179)	(3,726)	(6,974)	(11,393)
Operating income	1,628	1,964	5,626	4,554
Interest, net	(687)	(737)	(2,095)	(2,161)
Minority interest	-	(103)	-	(135)
Income before income taxes	941	1,124	3,531	2,258
Income tax benefit/(provision)	-	(61)	(3)	380
Net income	941	1,063	3,528	2,638
Average units outstanding - Basic (000's)	4,518	4,518	4,518	4,518
Average units outstanding - Diluted (000's)	4,524	4,518	4,521	4,520
Basic net income per unit	\$ 0.21	\$ 0.24	\$ 0.78	\$ 0.58
Diluted net income per unit	\$ 0.21	\$ 0.24	\$ 0.78	\$ 0.58

CONSOLIDATED BALANCE SHEETS  
(all amounts in \$000's)

	Sept. 30,	
	2003	2002
Assets:		
Cash and short-term investments	\$ 9,487	\$ 5,003
Other current assets	3,238	2,515
Roads and timber	48,405	50,498
Properties and equipment	23,689	23,117
Other assets	1,494	3,438
Total	86,313	84,571
Liabilities and partners' capital:		
Current liabilities	3,414	3,974
Long-term debt, excluding current portion	36,104	36,987
Other long-term liabilities	429	529
Total liabilities	39,947	41,490
Partners' capital	46,366	43,081
Total	86,313	84,571

RECONCILIATION BETWEEN NET INCOME AND EBITDDA  
(all amounts in \$000's)

	Three months ended		
	30-Sep-03	30-Sep-02	30-Jun-03
Net income	\$ 941	\$ 1,063	\$ 1,296
Added back:			
Interest, net	687	737	694
Depletion	779	803	811
Depreciation and amortization	166	199	162
Income tax expense	-	61	9
Less:			
Income tax benefit	-	-	-
EBITDDA	\$ 2,573	\$ 2,863	\$ 2,972

RECONCILIATION BETWEEN CASH FROM OPERATIONS AND EBITDDA

(all amounts in \$000's)

	Three months ended		
	30-Sep-03	30-Sep-02	30-Jun-03
Cash from operations	\$ 2,647	\$ 1,943	\$ 1,960
Added back:			
Change in working capital	-	111	328
Interest	687	737	694
Deferred profit	26	24	-
Income tax expense	-	61	-
Other	-	-	-
Less:			
Change in working capital	(587)	-	-
Deferred profit	-	-	(2)
Income tax benefit	-	-	-
Cost of land sold	(200)	-	-
Other	-	(13)	(8)
EBITDDA	\$ 2,573	\$ 2,863	\$ 2,972

SEGMENT INFORMATION  
(all amounts in \$000's)

	Three months ended		Nine months ended	
	Sept.30, 2003	Sept.30, 2002	Sept. 30, 2003	Sept. 30, 2002
Revenues:				
Fee Timber	\$5,994	\$ 6,101	\$19,107	\$17,425
Timberland Management & Consulting (TM&C)	353	2,081	1,036	5,623
Real Estate	218	472	1,214	1,378
Total	<u>\$6,565</u>	<u>\$ 8,654</u>	<u>\$21,357</u>	<u>\$24,426</u>
EBITDDA:				
Fee Timber	3,398	3,411	10,959	10,040
TM&C	(106)	580	(395)	1,203
Real Estate	(169)	(174)	(196)	(1,273)
General & administrative and minority interest	(550)	(954)	(1,814)	(2,587)
Total	<u>\$2,573</u>	<u>\$ 2,863</u>	<u>\$ 8,554</u>	<u>\$ 7,383</u>
Depreciation, depletion and amortization:				
Fee Timber	807	838	2,526	2,435
TM&C	16	41	50	150
Real Estate	23	16	62	45
General & administrative	99	107	290	334
Total	<u>\$ 945</u>	<u>\$ 1,002</u>	<u>\$ 2,928</u>	<u>\$ 2,964</u>
Operating income/(loss):				
Fee Timber	2,591	2,573	8,433	7,605
TM&C	(122)	539	(445)	1,053
Real Estate	(192)	(190)	(258)	(1,318)
General & administrative	(649)	(958)	(2,104)	(2,786)
Total	<u>\$1,628</u>	<u>\$ 1,964</u>	<u>\$ 5,626</u>	<u>\$ 4,554</u>

SELECTED STATISTICS

	Three months ended		Nine months ended	
	30-Sep-03	30-Sep-02	30-Sep-03	30-Sep-02
Log sale volumes (thousand board feet):				
Export conifer	947	2,058	3,580	4,730
Domestic conifer	8,880	7,333	27,106	22,775
Pulp conifer	1,814	1,935	5,562	4,780
Hardwoods	408	845	1,642	1,623
Total	<u>12,049</u>	<u>12,171</u>	<u>37,890</u>	<u>33,908</u>
Average price realizations (per thousand board feet):				
Export conifer	\$ 542	\$ 586	\$ 569	\$ 561

Domestic conifer	492	521	516	539
Pulp conifer	208	190	213	176
Hardwoods	559	485	547	477
Overall	456	477	478	488
Owned acres	112,200	112,200	112,200	112,200
Acres under management	104,791	414,938	104,791	414,938
Capital expenditures (\$000's)	399	404	1,115	1,545
Depletion (\$000's)	779	803	2,433	2,349
Depreciation (\$000's)	166	199	495	615
Debt to total capitalization	45%	47%	45%	47%

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

	Q3 2003 vs. Q3 2002		Q3 2003 vs. Q2 2003	
	Total	Per Unit	Total	Per Unit
Net income:				
3rd Quarter 2003	941	0.21	941	0.21
2nd Quarter 2003			1,296	0.29
3rd Quarter 2002	1,063	0.24		
Variance	(122)	(0.03)	(355)	(0.08)
Detail of earnings variance:				
Fee Timber				
Log price realizations (A)	(256)	(0.06)	(330)	(0.07)
Log volumes (B)	(97)	(0.02)	(118)	(0.03)
Timberland sale income	237	0.05	197	0.04
Depletion	24	0.01	32	0.01
Other Fee Timber	110	0.02	124	0.03
Timberland Management & Consulting				
Management fee changes	(937)	(0.20)	(1)	-
Other Timberland Mgmt & Consulting	276	0.06	73	0.01
Real Estate				
Other Real Estate	(2)	-	(422)	(0.09)
General & administrative costs	309	0.07	74	0.02
Interest expense	62	0.01	8	-
Other (taxes, minority int., interest inc.)	152	0.03	8	-
Total change in earnings	(122)	(0.03)	(355)	(0.08)
	=====	=====	=====	=====

(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.

CONTACT: Pope Resources  
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