SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

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

For the Quarter Ended September 30, 1996

Commission File Number: 0-19989

FM Properties Inc.

Incorporated in Delaware 72-1211572
(IRS Employer Identification No.)
1615 Poydras Street, New Orleans, Louisiana 70112

Registrant's telephone number, including area code: (504) 582-4000

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

On September 30, 1996, there were issued and outstanding 14,285,770 shares of the registrant's Common Stock, par value $0.01 per share.

FM PROPERTIES INC.
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FM PROPERTIES INC.
Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

FM PROPERTIES INC.
CONDENSED BALANCE SHEETS
(Unaudited)

	September 30, 1996	December 31, 1995
	(In Thousands)	
ASSETS		
Current assets:		
Accounts receivable and other	$ 211	$ 298
Income tax receivable	526	2,693
Amounts receivable from the Partnership	4,132	1,505
Total current assets	4,869	4,496
Investment in the Partnership (Note 1)	57,106	56,401
Total assets	$ 61,975	$ 60,897
LIABILITIES AND STOCKHOLDERS' EQUITY		
Other liabilities	$ 1,386	$ 1,374
Stockholders' equity	60,589	59,523
Total liabilities and stockholders' equity	$ 61,975	$ 60,897

STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended Septmeber 30,	
	1996	1995	1996	1995
	(In Thousands, Except Per Share Amounts)			
Income (loss) from the Partnership (Note 1)	$ 1,011	$ (1,019)	$ 705	$ (3,277)
General and administrative expenses	(77)	(46)	(165)	(1,540)
Operating income (loss)	934	(1,065)	540	(4,817)
Other expense, net	-	(140)	-	(116)
Income (loss) before income tax benefit	934	(1,205)	540	(4,933)
Income tax benefit	526	-	526	-
Net income (loss)	$ 1,460	$ (1,205)	$ 1,066	$ (4,933)
Net income (loss) per share	$.10	$(.08)	$.07	$(.35)
Average shares outstanding	14,395	14,286	14,364	14,286

The accompanying notes are an integral part of these financial statements.

FM PROPERTIES INC.
STATEMENTS OF CASH FLOW
(Unaudited)

	Nine Months Ended September 30, 1996	1995
	(In Thousands)	
Cash flow from operating activities:		
Net income (loss)	$ 1,066	$ (4,933)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Excess of equity in (income) losses of the Partnership over distributions received	(705)	3,277
(Increase) decrease in working capital	(361)	1,831
Net cash provided by operating activities	-	175
Cash flow from investing activities	-	-
Cash flow from financing activities:		
Repayment of debt	-	(175)
Net cash used in financing activities	-	(175)
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of period	$ -	$ -

The accompanying notes are an integral part of these financial statements.

FM PROPERTIES INC.
NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

FM Properties Inc. (FMPO) operates through its 99.8 percent interest in FM Properties Operating Co. (the Partnership), with 0.2 percent owned by the Managing General Partner, Freeport-McMoRan Inc. (FTX). FTX and Freeport-McMoRan Copper & Gold Inc. (FCX) guarantee the Partnership's debt. During 1996, following discussions with the staff of the Securities and Exchange Commission, FMPO determined that, because of the rights that FTX retains in connection with its guarantee of the Partnership's debt, it would be more appropriate to reflect its interest in the Partnership under the equity basis of accounting (prior year consolidated financial information has been restated to reflect this presentation). However, if the guarantees are eliminated, FMPO will have the authority to remove FTX as the Managing General Partner and FTX's rights with respect to the Partnership and FMPO would be eliminated. FMPO has no significant operations or source of funds other than its interest in the Partnership. The Partnership's financial statements follow:

BALANCE SHEETS

	September 30, 1996	December 31, 1995
ASSETS	(In Thousands)	

Current assets:		
Cash and cash equivalents	$ 1,789	$ 2,282
Accounts receivable and other	2,192	4,318
Total current assets	3,981	6,600
Real estate and facilities, net	123,219	180,040
Other assets	6,398	5,165
Total assets	$ 133,598	$ 191,805
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,161	$ 8,100
Amounts due to FMPO	4,132	1,505
Short-term debt	63,940	-
Total current liabilities	70,233	9,605
Long-term debt	-	121,294
Other liabilities	6,146	4,392
Partners' capital	57,219	56,514
Total liabilities and partners' capital	$ 133,598	$ 191,805

STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
	(In Thousands)			
Revenues	$ 34,461	$ 25,497	$ 72,054	$ 41,882
Costs and expenses:				
Cost of sales	31,866	25,607	66,624	42,650
General and administrative expenses	481	826	1,704	2,141
Total costs and expenses	32,347	26,433	68,328	44,791
Operating income (loss)	2,114	(936)	3,726	(2,909)
Interest expense, net	(1,193)	(226)	(3,085)	(492)
Other income, net	90	143	64	124
Net income (loss)	$ 1,011	$ (1,019)	$ 705	$ (3,277)

STATEMENTS OF CASH FLOW

	Nine Months Ended September 30,	
	1996	1995
	(In Thousands)	
Cash flow from operating activities:		
Net income (loss)	$ 705	$ (3,277)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Cost of real estate sales and depreciation and amortization	61,439	39,542
(Increase) decrease in working capital:		
Accounts receivable and other	895	4,255

Accounts payable and accrued liabilities	(1,558)	(1,035)
Net cash provided by operating activities	61,481	39,485
Cash flow from investing activities:		
Real estate and facilities (a)	(4,620)	(22,129)
Net cash used in investing activities	(4,620)	(22,129)
Cash flow from financing activities:		
Proceeds from debt	70,000	8,000
Repayment of debt	(127,354)	(24,156)
Net cash used in financing activities	(57,354)	(16,156)
Net increase (decrease) in cash and cash equivalents	(493)	1,200
Cash and cash equivalents at beginning of year	2,282	1,200
Cash and cash equivalents at end of period	$ 1,789	$ 2,400

a. Includes capitalized interest of $2.7 million in the 1996 period and $9.1 million in the 1995 period.

2. INCOME TAXES

During the third quarter of 1996, a $0.5 million tax benefit was recognized from the carryback of the current year's estimated tax loss to recoup taxes paid in previous years.

Remarks

The information furnished herein should be read in conjunction with FMPO's financial statements contained in its 1995 Annual Report to stockholders included in its Annual Report on Form 10-K.

The information furnished herein reflects all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the period. All such adjustments are, in the opinion of management, of a normal recurring nature.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders
of FM Properties Inc.:

We have reviewed the accompanying condensed consolidated balance sheet of FM Properties Inc. (the Company), a Delaware Corporation, as of September 30, 1996, and the related condensed statements of operations for the three-month and nine-month periods ended September 30, 1996 and 1995, and the condensed statements of cash flow for the nine-month periods ended September 30, 1996 and 1995. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the balance sheet of FM Properties Inc. as of December 31, 1995, and the related statements of operations, stockholders' equity and cash flow for the year then ended (not presented herein), and in our report dated January 23, 1996, based on our audit, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed balance sheet as of December 31, 1995, is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

ARTHUR ANDERSEN LLP

New Orleans, Louisiana
October 22, 1996

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

FM Properties Inc. (FMPO) operates through its 99.8 percent ownership of FM Properties Operating Co. (the Partnership), with 0.2 percent owned by the Managing General Partner, Freeport-McMoRan Inc. (FTX). FTX and Freeport-McMoRan Copper & Gold Inc. (FCX) guarantee the Partnership's debt. During 1996, following discussions with the staff of the Securities and Exchange Commission, FMPO determined that, because of the rights that FTX retains in connection with its guarantee of the Partnership's debt, it would be more appropriate to reflect its interest in the Partnership under the equity basis of accounting (prior year consolidated financial information has been restated to reflect this presentation). However, if the guarantees are eliminated, FMPO will have the authority to remove FTX as the Managing General Partner and FTX's rights with respect to the Partnership an FMPO would be eliminated.

Throughout 1996, FMPO has capitalized on the enhanced sales opportunities at the Partnership's Austin, Texas property holdings brought about by the positive legislative and judicial developments which occurred during 1995. The Partnership's third-quarter 1996 revenues from its Austin area properties totaled $25.9 million, including the sale of the Barton Creek Country Club and Conference Resort for $25.0 million and the sale of a 24 acre undeveloped tract for $0.7 million. Several additional tracts within the Barton Creek Development are currently under contract and are scheduled to close during the remainder of 1996 and early 1997. In addition to the sales in the Austin area, third-quarter 1996 revenues also include the sale of 22 acres of undeveloped commercial property, located in the Dallas area, for $5.7 million. The sale of undeveloped tracts to sub-developers is an integral part of FMPO's business strategy. These transactions provide funds to reduce debt, lower future carrying and development costs and establish values for the Partnership's remaining properties.

The State Court of Appeals in Austin recently overturned the favorable District Court ruling which invalidated the "SOS" ordinance in Austin; however, the appeals court upheld the lower court's favorable holding with respect to the interpretation of certain grandfather rights for platted land. A decision will be made in the near future with respect to an appeal of the case. This ruling is not expected to adversely affect any of the Partnership's property holdings. The City of Austin's regulatory authority was, in effect, superseded by Texas state legislation enacted during 1995.

Included in this legislation was the creation of the Southwest Travis County Water District (District) which encompasses the land owned by Circle C Land Corp. (Circle C), a wholly owned subsidiary. In October 1996, the City of Austin filed a petition for declaratory judgment asserting that the legislation that created the District is unconstitutional. The District has indicated that it intends to defend itself against the City's claim. None of FMPO's land other than the land owned by Circle C is included in the District.

During the third quarter of 1996, FMPO reached an agreement to sell the remaining assets of Circle C for $34.0 million. The remaining assets of Circle C consist of approximately 1,000 acres of undeveloped commercial and multi-family property within the Circle C Ranch development near Austin, Texas. FMPO received a $1.0 million non-refundable cash deposit, with the balance of the purchase price to be received $30.0 million in cash and $3.0 million in a secured note at closing which is scheduled for the first quarter of 1997. The completion of this sale is however, subject to the ability of the purchaser to secure financing which may be affected by the recent litigation discussed in the preceding paragraph.

RESULTS OF OPERATIONS

	Third Quarter		Nine Months	
	1996	1995	1996	1995
		(In Thousands)		
Income (loss) from the Partnership	$ 1,011	$ (1,019)	$ 705	$ (3,277)
Operating income (loss)	934	(1,065)	540	(4,817)
Net income (loss)	1,460	(1,205)	1,066	(4,933)

FMPO has no significant operations or source of funds other than its interest in the Partnership. Accordingly, the following discussion and analysis addresses the results of operations and the capital resources and liquidity of the Partnership. The Partnership's summary operating results follow:

	Third Quarter		Nine Months	
	1996	1995	1996	1995
		(In Thousands)		
Revenues:				
Developed properties	$28,081	$21,058	$ 40,368	$32,462
Undeveloped properties and other	6,380	4,439	31,686	9,420
Total revenues	34,461	25,497	72,054	41,882
Operating income (loss)	2,114	(936)	3,726	(2,909)
Net income (loss)	1,011	(1,019)	705	(3,277)

Revenues from developed properties for the 1996 periods include $25.0 million from the sale of the Barton Creek Country Club and Conference Resort, as well as $3.1 million and $15.4 million from the sale of 57 and 339 single-family homesites during the third-quarter and nine-month periods of 1996, respectively. Revenues from developed properties for the 1995 periods consisted of $15.8 million from the sale of the Circle C residential properties, as well as $5.2 million and $16.6 million from the sale of 101 and 343 single-family homesites during the third-quarter and nine-month periods of 1995, respectively. Revenues from undeveloped properties for the third-quarter and nine-month periods of 1996 represented the sale of 46 and 649 undeveloped acres, respectively, compared with the sale of 101 and 303 undeveloped acres for the year-ago periods.

General and administrative expenses of the Partnership, combined with those incurred by FMPO, declined to $0.6 million and $1.9 million for the third-quarter and nine-month periods of 1996, respectively, compared with $0.9 million and $3.7 million for the 1995 periods, continuing to reflect the benefit of steps taken in the third quarter of 1995 to reduce costs.

Interest expense for the 1996 periods increased because of reduced capitalized interest, partially offset by lower average debt levels and interest rates.

During the third quarter of 1996, FMPO recognized a $0.5 million tax benefit for the carryback of the current year's estimated tax loss to recoup federal income taxes paid in previous years.

FMPO's current business strategy includes the sale of larger undeveloped tracts of land. These transactions by their nature can cause significant variations in FMPO's revenues and operating income during a particular accounting period. As a result, significant fluctuations in FMPO's future operating results can be expected in any given quarter which may cause future operating losses to be incurred. Consequently, past operating results are not necessarily indicative of trends in profitability.

CAPITAL RESOURCES AND LIQUIDITY

During the first nine months of 1996, the Partnership generated operating cash flow of $61.5 million which, after funding capital additions, enabled FMPO to reduce the Partnership's debt from the beginning of the year by $57.4 million. With the cash proceeds from future property sales, including the potential sale of the remaining Circle C properties (see above), the Partnership may be able to reduce its debt further prior to its 1997 principal payment requirements ($29.1 million due February 1997 and $34.8 million due June 1997). These reductions are dependent on the future cash flow from the Partnership's assets, which is subject to numerous economic and other factors, including factors beyond FMPO's control. FMPO is presently engaged in negotiations with its commercial banks and is seeking to extend the maturities of the Partnership's debt. There can be no assurance that the Partnership will generate cash flow or obtain funds sufficient to make required interest and principal payments.

FMPO continues to seek a permanent financial restructuring, which may include obtaining a new bank credit facility or issuing new debt or equity investments. An objective in arranging new financing for FMPO will be to eliminate the guarantees of its debt by FTX and FCX. While FMPO believes any new financing will be beneficial to the long-term interests of its shareholders, an elimination of the guarantees would be expected to increase financing costs significantly. The extent of any refinancing, including any

need to sell properties in connection therewith, will determine the future net cash flow available to FMPO to recover its investment in the Partnership.

The results of operations reported and summarized above are not necessarily indicative of future operating results.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FM PROPERTIES INC.

By: /s/ William J. Blackwell

William J. Blackwell
Vice President and Controller
(authorized signatory and
Principal Accounting Officer)

Date: May 21, 1997

FM PROPERTIES INC.
EXHIBIT INDEX

Number	Description	Sequentially Numbered Page
27.1	Financial Data Schedule	

<ARTICLE> 5
<LEGEND>
The 1996 and 1995 financial statements contained in this amended 10-Q/A
have been restated to reflect FM Properties Inc.'s investment in the
Partnership under the equity basis of accounting. FM Properties had
previously consolidated the 99.8% owned Partnership.
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