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 June 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 June 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)

	June 30, 1996	December 31, 1995
	(In Thousands)	
ASSETS		
Current assets:		
Accounts receivable and other	$ 38	$ 298
Income tax receivable	2,740	2,693
Amounts receivable from the Partnership	1,642	1,505
Total current assets	4,420	4,496
Investment in the Partnership (Note 1)	56,095	56,401
Total assets	$ 60,515	$ 60,897
LIABILITIES AND STOCKHOLDERS' EQUITY		
Other liabilities	$ 1,386	$ 1,374
Stockholders' equity	59,129	59,523
Total liabilities and stockholders' equity	$ 60,515	$ 60,897

STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30, 1996	Three Months Ended June 30, 1995	Six Months Ended June 30, 1996	Six Months Ended June 30, 1995
	(In Thousands, Except Per Share Amounts)			
Income (loss) from the Partnership (Note 1)	$ 559	$ (127)	$ (306)	$ (2,258)
General and administrative expenses	(59)	(784)	(88)	(1,494)
Operating income (loss)	500	(911)	(394)	(3,752)
Other income, net	-	23	-	24
Income (loss) before income taxes	500	(888)	(394)	(3,728)
Income taxes	-	-	-	-
Net income (loss)	$ 500	$ (888)	$ (394)	$ (3,728)
Net income (loss) per share	$.03	$(.06)	$(.03)	$(.26)
Average shares outstanding	14,394	14,286	14,368	14,286

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

FM PROPERTIES INC.
STATEMENTS OF CASH FLOW
(Unaudited)

	Six Months Ended June 30, 1996	Six Months Ended June 30, 1995
	(In Thousands)	
Cash flow from operating activities:		
Net loss	$ (394)	$ (3,728)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Excess of equity in losses of the Partnership over distributions received	306	2,258
Decrease in working capital	88	1,645
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

	June 30, 1996	December 31, 1995

ASSETS	(In Thousands)	
Current assets:		
Cash and cash equivalents	$ 1,811	$ 2,282
Accounts receivable and other	4,750	4,318
Total current assets	6,561	6,600
Real estate and facilities, net	152,302	180,040
Other assets	7,372	5,165
Total assets	$ 166,235	$ 191,805
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable and accrued liabilities	$ 4,026	$ 8,100
Amounts due to FMPO	1,642	1,505
Current portion of long-term debt	99,093	-
Total current liabilities	104,761	9,605
Long-term debt	-	121,294
Other liabilities	5,266	4,392
Partners' capital	56,208	56,514
Total liabilities and partners' capital	$ 166,235	$ 191,805

STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
	(In Thousands)			
Revenues	$ 23,764	$ 12,003	$ 37,593	$ 16,385
Costs and expenses:				
Cost of sales	21,445	11,172	34,758	17,043
General and administrative expenses	616	845	1,223	1,315
Total costs and expenses	22,061	12,017	35,981	18,358
Operating income (loss)	1,703	(14)	1,612	(1,973)
Interest expense, net	(1,158)	(83)	(1,892)	(266)
Other income (expense), net	14	(30)	(26)	(19)
Net income (loss)	$ 559	$ (127)	$ (306)	$ (2,258)

STATEMENTS OF CASH FLOW

	Six Months Ended June 30,	
	1996	1995
	(In Thousands)	
Cash flow from operating activities:		
Net loss	$ (306)	$ (2,258)
Adjustments to reconcile loss to net cash provided by operating activities:		
Cost of real estate sales and depreciation and amortization	32,283	13,645
(Increase) decrease in working capital:		
Accounts receivable and other	(2,168)	1,192

Accounts payable and accrued liabilities	(3,063)	(1,770)
Other	(841)	332
Net cash provided by operating activities	25,905	11,141
Cash flow from investing activities:		
Real estate and facilities (a)	(4,175)	(12,611)
Net cash used in investing activities	(4,175)	(12,611)
Cash flow from financing activities:		
Proceeds from debt	1,000	8,000
Repayment of debt	(23,201)	(6,638)
Net cash provided by (used in) financing activities	(22,201)	1,362
Net decrease in cash and cash equivalents	(471)	(108)
Cash and cash equivalents at beginning of year	2,282	1,200
Cash and cash equivalents at end of period	$ 1,811	$ 1,092

a. Includes capitalized interest of $2.3 million in the 1996 period and $6.2 million in the 1995 period.

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.

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.

During the second quarter of 1996, the Partnership continued to capitalize on the enhanced sales opportunities at its Austin, Texas property holdings brought about by the positive legislative and judicial developments which occurred during 1995 (discussed in FMPO's

1995 Annual Report to Stockholders). FMPO's second-quarter 1996 revenues from the Partnership's Austin area properties totaled $10.6 million, including the sale of an 80 acre undeveloped tract within the Barton Creek Development for $2.9 million, its second sale under the Water Quality Protection Zone legislation enacted in late 1995. FMPO's Austin area activity also included a $3.7 million sale of the remaining inventory of developed and undeveloped real estate within the Lakeside development, which included a marina, 77 developed lots and 239 acres of undeveloped property. Additional tracts within the Barton Creek Development are currently under contract and are scheduled to close during the second half of 1996. The sale of undeveloped tracts to sub-developers is an integral part of FMPO's business strategy for the Barton Creek Development. These transactions provide funds to reduce debt, lower future carrying and development costs and establish values for the Partnership's remaining properties within Barton Creek.

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 did uphold the lower court's favorable holding with respect to the interpretation of certain grandfather rights for platted land. This decision is not expected to adversely affect any of the Partnership's property holdings since the city of Austin's regulatory authority was superseded for the Partnership's properties by legislation passed in the state legislature during 1995. A decision will be made in the near future with respect to an appeal on the case.

The Partnership's intensified marketing efforts at its Dallas, Houston and San Antonio properties resulted in higher second-quarter 1996 sales from these areas compared to the 1995 period. Second-quarter 1996 revenues include the sale of three separate 19 acre tracts, located in the Dallas area, for a total of $6.9 million. In addition to increasing sales over the 1995 period, the marketing efforts have generated sales contracts which are scheduled to close throughout the remainder of 1996.

Additionally, opportunities for significant transactions involving the Partnership's properties may arise. In the past, permitting and development uncertainties caused valuation assessment obstacles that kept FMPO from successfully completing negotiations involving significant transactions. However, as the Partnership experiences success in establishing values for its properties, FMPO can expect opportunities to consider significant transactions involving its properties.

RESULTS OF OPERATIONS

	Second Quarter		Six Months	
	1996	1995	1996	1995
	(In Thousands)			
Income (loss) from the Partnership	$ 559	$ (127)	$ (306)	$ (2,258)
Operating income (loss)	500	(911)	(394)	(3,752)
Net income (loss)	500	(888)	(394)	(3,728)

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:

	Second Quarter		Six Months	
	1996	1995	1996	1995
	(In Thousands)			
Revenues:				
Developed				

properties	$8,010	$7,566	$12,287	$ 11,404
Undeveloped properties and other	15,754	4,437	25,306	4,981
Total revenues	23,764	12,003	37,593	16,385
Operating income (loss)	1,703	(14)	1,612	(1,973)
Net income (loss)	559	(127)	(306)	(2,258)

Revenues from developed properties represented the sale of 206 and 282 single-family homesites during the second-quarter and six-month periods of 1996, respectively, compared with the sale of 152 and 242 single-family homesites during the 1995 periods. Revenues from undeveloped properties for the second-quarter and six-month periods of 1996 represented the sale of 447 and 603 undeveloped acres, respectively, compared with the sale of 196 and 202 undeveloped acres for the year-ago periods.

General and administrative expenses of the Partnership, combined with those incurred by FMPO, were reduced to $0.7 million and $1.3 million for the second-quarter and six-month periods of 1996, respectively, compared with $1.6 million and $2.8 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 second-quarter and six-month 1996 periods increased because of reduced capitalized interest resulting from FMPO's success in selling tracts without incurring further development costs, partially offset by lower average debt levels and interest rates.

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 six months of 1996, the Partnership generated operating cash flow of $25.9 million which, after funding capital expenditures, enabled FMPO to reduce the Partnership's debt from the beginning of the year by $22.2 million to $99.1 million. The Partnership has the potential to achieve further significant debt reductions prior to its 1997 principal payment requirements ($29.1 million due February 1997 and $70.0 million due June 1997). These reductions are dependent on the future cash flow from the Partnership's assets and the ability to negotiate significant sales of assets, which are subject to numerous economic and other factors, including factors beyond FMPO's control. 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 issuing new debt or equity investments, and believes that the ongoing reduction of the Partnership's debt will significantly improve its alternatives. An objective in arranging new financing for FMPO will be to eliminate the guarantees of its debt by FTX and FCX. These debt guarantees were extended in connection with the extension of the Partnership's debt maturities achieved during late 1995. 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 real estate assets.

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 Inc. previously consolidated the 99.8% owned Partnership.
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