AMREP CORP.
Form 10-Q
September 08, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended July 31, 2008

OR

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

For the transition period from ______________________ to ______________________

Commission File Number 1-4702

AMREP Corporation
(Exact name of registrant as specified in its charter)

Oklahoma	59-0936128
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
300 Alexander Park , Suite 204, Princeton, New Jersey	08540
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (609) 716-8200

Not Applicable
(Former name,former address and former fiscal year,if changed since last report)

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 (the "Exchange Act") 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 a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer X

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Non-accelerated filer   Smaller reporting company
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(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ------   No X ------

Number of Shares of Common Stock, par value $.10 per share, outstanding at August 31, 2008 - 5,995,712.

AMREP CORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AMREP CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets (Unaudited)
(Thousands, except par value and number of shares)

	July 31, 2008
ASSETS:	
Cash and cash equivalents	$ 23,909
Receivables, net:	
Real estate operations	12,084
Media services operations	49,533
	61,617
Taxes receivable	544
Real estate inventory	72,832
Investment assets, net	10,295
Property, plant and equipment, net	27,616
Intangible and other assets, net	29,594
Goodwill	54,139
TOTAL ASSETS	$ 280,546
LIABILITIES AND SHAREHOLDERS' EQUITY:	
LIABILITIES:	
Accounts payable, net and accrued expenses	$ 89,989
Notes payable:	
Amounts due within one year	2,879
Amounts subsequently due	27,682
	30,561
Taxes payable	-
Deferred income taxes and other long-term liabilities	12,756
Accrued pension cost	2,113
TOTAL LIABILITIES	135,419
SHAREHOLDERS' EQUITY:	
Common stock, $.10 par value;	
Shares authorized - 20,000,000; 7,419,704 shares issued	742
Capital contributed in excess of par value	46,085
Retained earnings	128,479
Accumulated other comprehensive loss, net	(3,522)
Treasury stock, at cost; 1,424,492 shares	(26,657)
TOTAL SHAREHOLDERS' EQUITY	145,127
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 280,546

See notes to consolidated financial statements.
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AMREP CORPORATION AND SUBSIDIARIES
Consolidated Statements of Income and Retained Earnings (Unaudited)
Three Months Ended July 31, 2008 and 2007
(Thousands, except per share amounts)

	2008
REVENUES:	
Real estate land sales	$ 1,263
Media services operations	34,023
Interest and other	284
	35,570
COSTS AND EXPENSES:	
Real estate land sales	366
Operating expenses:	
Media services operations	30,161
Real estate commissions and selling	78
Restructuring and fire recovery costs	587
Other	255
General and administrative:	
Media services operations	2,809
Real estate operations and corporate	1,090
Interest expense, net of capitalized amounts	112
	35,458
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	112
PROVISION FOR INCOME TAXES FROM CONTINUING OPERATIONS	41
INCOME FROM CONTINUING OPERATIONS	71
LOSS FROM OPERATIONS OF DISCONTINUED BUSINESS (NET OF INCOME TAXES)	-
NET INCOME	71
RETAINED EARNINGS, beginning of period	128,408
DIVIDEND PAYABLE	-
RETAINED EARNINGS, end of period	$ 128,479
EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED	
CONTINUING OPERATIONS	$ 0.01
DISCONTINUED OPERATIONS	-
EARNINGS PER SHARE - BASIC AND DILUTED	$ 0.01

WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	5,995

See notes to consolidated financial statements.

AMREP CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)
Three Months Ended July 31, 2008 and 2007
(Thousands)

	2008
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 71
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	2,403
Non-cash credits and charges:	
Pension accrual	68
Provision for doubtful accounts	74
Gain on disposition of assets, net	(3)
Changes in assets and liabilities:	
Receivables	(2,866)
Real estate inventory	(2,580)
Intangible and other assets	(593)
Accounts payable and accrued expenses, and deferred revenue	(8,543)
Taxes payable	(1,524)
Deferred income taxes and other long-term liabilities	398
Total adjustments	(13,166)
Net cash used by operating activities	(13,095)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures - property, plant and equipment	(185)
Capital expenditures - investment assets	-
Net cash used by investing activities	(185)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from debt financing	10,356
Principal debt payments	(5,775)
Net cash provided (used) by financing activities	4,581
DECREASE IN CASH AND CASH EQUIVALENTS	(8,699)
CASH AND CASH EQUIVALENTS, beginning of period	32,608
CASH AND CASH EQUIVALENTS, end of period	$ 23,909

SUPPLEMENTAL CASH FLOW INFORMATION:	
Interest paid - net of amounts capitalized	$ 93
Income taxes paid - net of refunds	$ 1,167
Non-cash transaction - Dividend payable	$ -

See notes to consolidated financial statements.

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AMREP CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)
Three Months Ended July 31, 2008 and 2007

(1) Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared by AMREP Corporation (the "Registrant" or the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial information, and do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, these unaudited consolidated financial statements include all adjustments, which are of a normal recurring nature, necessary to reflect a fair presentation of the results for the interim periods presented. The results of operations for such interim periods are not necessarily indicative of what may occur in future periods.

The unaudited consolidated financial statements herein should be read in conjunction with the Company's annual report on Form 10-K for the year ended April 30, 2008, which was previously filed with the Securities and Exchange Commission. All references to the first quarter or first three months of 2009 and 2008 mean the fiscal three-month periods ended July 31, 2008 and 2007.

Certain 2008 financial statement amounts have been reclassified to conform to the current year presentation.

(2) Receivables, Net

Media services operations accounts receivable, net consist of the following (in thousands):

	July 31, 2008	April 30, 2008
Fulfillment Services	$ 29,227	$ 28,348
Newsstand Distribution Services, net of estimated returns	21,035	18,008
	50,262	46,356
Less allowance for doubtful accounts	(729)	(655)
	$ 49,533	$ 45,701

Newsstand Distribution Services accounts receivable are net of estimated magazine returns of $53,013,000 at July 31, 2008 and $55,930,000 at April 30, 2008. In addition, pursuant to an arrangement with one publisher customer of the Newsstand Distribution Services business, the publisher bears the ultimate credit risk of non-collection of amounts due from the customers to which the Company distributed the publisher's magazines under this arrangement. Accounts receivable subject to this arrangement were netted ($25,188,000 was netted at July 31, 2008 and $22,703,000 at April 30, 2008) against the related accounts payable due the publisher on the accompanying consolidated balance sheets.

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(3) Investment Assets, Net

Investment assets, net consist of the following (in thousands):

	July 31, 2008	April 30, 2008
Land held for long-term investment	$ 9,771	$ 9,771
Commercial rental properties:		
Land, buildings and improvements	754	754
Furniture and fixtures	40	40
	794	794
Less accumulated depreciation	(270)	(265)
	524	529
	$ 10,295	$ 10,300

(4) Property, Plant and Equipment, Net

Property, plant and equipment, net consist of the following (in thousands):

	July 31, 2008	April 30, 2008
Land, buildings and improvements	$ 17,875	$ 17,875
Furniture and equipment and other	45,453	45,300
	63,328	63,175
Less accumulated depreciation	(35,712)	(34,261)
	$ 27,616	$ 28,914

(5) Intangible and Other Assets, Net

Intangible and other assets, net consist of the following (in thousands):

	July 31, 2008		A
	(Thousands)		
	Cost	Accumulated Amortization	Cost
Software development costs	$ 10,090	$ 4,318	$ 10,017
Deferred order entry costs	5,243	-	5,681
Prepaid expenses	3,694	-	3,047
Customer contracts and relationships	15,000	1,925	15,000
Other	2,777	967	2,430
	$ 36,804	$ 7,210	$ 36,175

Software development costs include internal and external costs of the development of new or enhanced software programs and are generally amortized over five years. Deferred order entry costs represent costs incurred in connection with the data entry of customer subscription information to database files and are charged directly to operations over a 12-month period. Customer contracts and relationships are amortized over 12 years.

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(6) Accounts Payable, Net and Accrued Expenses

Accounts payable, net and accrued expenses consist of the following (in thousands):

	July 31, 2008	April 30, 2008
Publisher payables, net	$ 69,577	$ 77,003
Accrued expenses	4,564	5,000
Trade payables	5,708	5,753
Other	10,140	10,776
	$ 89,989	$ 98,532

Pursuant to an arrangement with a publisher customer of the Newsstand Distribution Services business, the Company has netted $25,188,000 and $22,703,000 of accounts receivable against the related accounts payable at July 31, 2008 and April 30, 2008 (see Note 2).

(7) Notes Payable

Notes payable consist of the following (in thousands):

	July 31, 2008	April 30, 2008

Notes payable:		
Line-of-credit borrowings:		
Real estate operations and other	$ 20,600	$ 18,000
Media services operations	8,561	4,582
Real estate operations term loan	855	2,774
Other notes payable	545	624
	$ 30,561	$ 25,980

(8) Taxes

The unrecognized tax benefits pursuant to the Financial Accounting Standards Board ("FASB") Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes", were $2,076,000 at July 31, 2008 and April 30, 2008. As a result of either the expiration of statutes of limitations or the recognition and measurement considerations under FIN 48, the Company believes that it is reasonably possible that the amount of unrecognized tax benefits will decrease within the next twelve months.

(9) Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 establishes a common definition for fair value to be applied to U.S. GAAP requiring use of fair value, establishes a framework for measuring fair value, and expands disclosure about such fair value measurements. SFAS No. 157 is effective for financial assets and financial liabilities for fiscal years beginning after November 15, 2007. The adoption of SFAS No. 157 for financial assets and financial liabilities, effective May 1, 2008, did not have an impact on the Company's consolidated financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities, ("SFAS No. 159"). The Statement permits entities to choose, at specified election dates, to measure many financial instruments and certain

other items at fair value that are not currently measured at fair value. Unrealized gains and losses on items for which the fair value option has been elected would be reported in earnings at each subsequent reporting date. SFAS No. 159 also establishes presentation and disclosure requirements in order to facilitate comparisons between entities choosing different measurement attributes for similar types of assets and liabilities. SFAS No. 159 does not affect existing accounting requirements for certain assets and liabilities to be carried at fair value. This statement became effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company adopted SFAS No. 159 effective May 1, 2008, but it has elected not to designate any financial instruments to be subject to the fair value option.

(10) Discontinued Operations

Loss from operations of discontinued business (net of income taxes) in the three-month period ended July 31, 2007 reflected costs associated with the settlement of all litigation related to the Company's El Dorado, New Mexico water utility subsidiary that were in addition to costs that had been accrued for this matter in prior years.

(11) Restructuring and Fire Recovery Costs

During fiscal 2008, the Company announced a project to integrate certain aspects of the Kable's Fulfillment Services operations in order to improve operating efficiencies and customer service and also to reduce costs. To date, this project has resulted in (i) one significant workforce reduction that occurred in the first quarter of 2008, (ii) the substantial completion of a plan announced in the second quarter of 2008 to redistribute the work performed at the Marion, Ohio facility of its Fulfillment Services business and the scheduled closing of that facility, and (iii) the consolidation of a fulfillment operations customer call center. The Company incurred costs directly related to the integration project of $498,000 and $303,000 for the quarters ending July 31, 2008 and 2007, principally for severance and other consulting costs related to the integration, and these costs are included in the Restructuring and fire recovery costs in the Company's consolidated statements of income.

On December 5, 2007 a warehouse of approximately 38,000 square feet leased by the Company in Oregon, Illinois was totally destroyed by fire. The warehouse was used principally to store back issues of magazines published by certain customers for whom the Company fills back-issue orders as part of its services. The Company has filed a preliminary claim with its insurance provider for its property loss and has been advanced $500,000 for replacement of such property. In addition, the Company was required to provide insurance for certain of those customers whose property was destroyed in the warehouse fire. Through August 31, 2008, the Company's insurance provider had paid approximately $65,000 to customers for lost materials. The Company believes that the net effect of the outcome of other claims pending or unasserted related to materials of certain publishers for whom it was required to provide insurance, together with proceeds from its property claims, will not have a material effect on its financial position, results of operations or cash flows.

During the quarter ended July 31, 2008, the Company recorded other income of $173,000 for a business interruption claim resulting from the fire that was approved by its insurer. The Company also recorded charges to operations of $89,000 related to fire recovery costs, principally for legal and other advisory costs that were not covered by insurance. These costs are included in the Restructuring and fire recovery costs in the Company's consolidated statements of income.

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(12) Information About the Company's Operations in Different Industry Segments

The following tables set forth summarized data relative to the industry segments for continuing operations in which the Company operated for the three month periods ended July 31, 2008 and 2007 (in thousands):

	Real Estate	Fulfillment	Newsstand Distribution

	Operations	Services	Services	Co
Three months ended July 31, 2008:				
Revenues	$ 1,529	$ 30,667	$ 3,355	$
Income (loss) from continuing operations	99	(700)	370	
Provision (benefit) for income taxes from continuing operations	58	(412)	218	
Income (loss) from continuing operations before income taxes	157	(1,112)	588	
Interest expense (income), net (b)	-	832	(305)	
Depreciation and amortization	8	2,254	140	
EBITDA (c)	$ 165	$ 1,974	$ 423	$
Capital expenditures	$ 1	$ 178	$ 5	$
Three months ended July 31, 2007 (a):				
Revenues	$ 18,863	$ 28,988	$ 3,311	$
Income (loss) from continuing operations	7,380	(1,859)	248	
Provision (benefit) for income taxes from continuing operations	4,334	(1,090)	143	
Income (loss) from continuing operations before income taxes	11,714	(2,949)	391	
Interest expense (income), net (b)	-	1,467	(486)	
Depreciation and amortization	55	2,331	244	
EBITDA (c)	$ 11,769	$ 849	$ 149	$
Capital expenditures	$ 691	$ 949	$ 16	$

(a) Segment information does not include net loss from discontinued operations of $57,000 in the three months ended July 31, 2007.

(b) Interest expense, net includes inter-segment interest income and expense that is eliminated in consolidation.

(c) The Company uses EBITDA (which the Company defines as income from continuing operations before interest expense, net, income taxes and depreciation and amortization) in addition to income from continuing operations as a key measure of profit or loss for segment performance and evaluation purposes.

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

INTRODUCTION

The Company, through its subsidiaries, is primarily engaged in three business segments: the Real Estate business operated by AMREP Southwest Inc. and its subsidiaries (collectively, "AMREP Southwest") and the Fulfillment Services and Newsstand Distribution Services businesses operated by Kable Media Services, Inc. and its subsidiaries (collectively, "Kable" or "Media Services"). The Company's foreign sales and activities are not significant.

The following provides information that management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition. The discussion should be read in conjunction with the April 30, 2008 consolidated financial statements and accompanying notes. All references in this Item 2 to the first quarter or first three months of 2009 and 2008 mean the fiscal three-month periods ended July 31, 2008 and 2007.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis of financial condition and results of operations is based on the accounting policies used and disclosed in the 2008 consolidated financial statements and accompanying notes that were prepared in accordance with accounting principles generally accepted in the United States of America and included as part of the Company's annual report on Form 10-K for the year ended April 30, 2008 (the "2008 Form 10-K"). The preparation of those consolidated financial statements required management to make estimates and assumptions that affected the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual amounts or results could differ from those estimates.

The significant accounting policies of the Company are described in Note 1 to the 2008 consolidated financial statements, and the critical accounting policies and estimates are described in Management's Discussion and Analysis included in Item 7 of the 2008 Form 10-K. There have been no changes in the critical accounting policies. Information concerning the implementation and the impact of new accounting standards issued by the Financial Accounting Standards Board ("FASB") is included in the notes to the April 30, 2008 consolidated financial statements.

The Company adopted SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157") effective May 1, 2008. The adoption of SFAS No. 157 did not have an impact on the Company's consolidated financial position or results of operations. The Company also adopted SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115" ("SFAS No. 159") effective May 1, 2008. The adoption of SFAS No. 159 did not have an impact on the Company's consolidated financial position or results of operations. The Company did not adopt any other new accounting policies during the quarter ended July 31, 2008.

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RESULTS OF OPERATIONS

For the first quarter of 2009, net income was $71,000, or $0.01 per share, compared to net income of $6,263,000, or $0.94 per share, in the first quarter of 2008. Results for the first quarter of 2009 were entirely from continuing operations. Results for the first quarter of 2008 included net income from continuing operations of $6,320,000, or $0.95 per share, and a loss on discontinued operations, net of tax, of $57,000, or $0.01 per share, that reflected costs incurred in connection with the settlement of all litigation related to the Company's El Dorado, New Mexico water utility subsidiary that were in addition to costs estimated and accrued for this matter in the fourth quarter of 2007. Revenues were $35,570,000 in the first quarter of fiscal 2009 compared to $51,359,000 for the same period last year.

First quarter 2009 revenues from land sales at AMREP Southwest were $1,263,000 compared to $18,150,000 for the same period of fiscal 2008. This significant year-over-year revenue decrease reflected substantially lower land sales in the Company's principal market of Rio Rancho, New Mexico due to the severe decline in the real estate market in the greater Albuquerque-metro and Rio Rancho areas that began in earlier periods. First quarter land sales revenues and gross profits in fiscal 2009 were primarily from the sale of scattered residential lots, while in the same period of fiscal 2008 they were from sales of developed lots to homebuilders and commercial developers as well as from sales of undeveloped land. The trend of the declining number of permits for new home construction, as previously reported, continues with 20% fewer building permits issued during the first six calendar months of 2008 compared to the same period in 2007. The Company believes that this decline has been generally consistent with the well-publicized problems of the national home building industry, including fewer sales of both new and existing homes, an increasing number of mortgage delinquencies and foreclosures and a tightening of mortgage availability. Faced with these adverse conditions, builders continued to slow the pace of building on developed lots previously purchased from the Company in Rio Rancho and, in some cases, delayed or cancelled the purchase of additional developed lots. These factors have also contributed to a steep decline in the sale of undeveloped land to both builders and investors.

In Rio Rancho, the Company offers for sale both developed and undeveloped lots to national, regional and local home builders, commercial and industrial property developers and others. For the first quarter of 2009 and 2008, the Company's land sales in Rio Rancho have been as follows:

	2009			2008	
	Acres Sold	Revenues (in 000s)	Revenues Per Acre (in 000s)	Acres Sold	Revenues (in 000s)
Developed					
Residential	1.4	$ 342	$ 244	19.5	$ 6,729
Commercial	1.0	126	126	13.7	2,920
Total Developed	2.4	468	195	33.2	9,649
Undeveloped	44.8	795	18	290.8	8,501
Total	47.2	$ 1,263	$ 27	324.0	$ 18,150

The average selling price of land sold by the Company in Rio Rancho in recent years has fluctuated, as the Company offers for sale developed and undeveloped land in Rio Rancho from a number of different projects, and selling prices may vary from project to project and within projects depending on location, the stage of development and other factors. The price per acre of developed land in the first quarter of 2009 was lower compared to the same period in the prior year due to a change in the mix and the stage of development of specific projects from which the land was sold. The decrease in the average selling price of undeveloped land in the first quarter of 2009 was primarily attributable to a higher proportion of undeveloped land sold in the current year from locations in

Rio Rancho that are further removed from developed areas and thus generally have lower average selling prices. The average gross profit percentage on land sales increased from 68% for the first quarter of 2008 to 71% for the first quarter of 2009. This increase was attributable to the mix of lots sold, with 2009 sales including a higher percentage of revenues from sales of commercial and undeveloped lots, which generally have higher gross profit percentages than sales of developed residential lots. Revenues and gross profits, average sales prices of land and related gross profit percentages from land sales can vary significantly from period to period as a result of many factors, including the nature and timing of specific transactions, and prior results are not necessarily a good indication of what may occur in future periods.

Revenues from Media Services, including both Fulfillment Services and Newsstand Distribution Services, increased from $32,299,000 for the first quarter of 2008 to $34,023,000 for the same period in 2009. This increase was primarily attributable to the Company's Fulfillment Services operations, where revenues increased from $28,988,000 for the first quarter of 2008 to $30,667,000 for the same period of 2009. Revenues from Kable's Newsstand Distribution Services operations were generally unchanged, $3,311,000 for the first quarter 2008 compared to $3,355,000 for the same period of 2009. Kable's operating expenses increased by $381,000 for the first quarter of 2009 compared to the same period in 2008, primarily attributable to computer systems integration costs and consulting costs.

During fiscal 2008, the Company announced a project to integrate certain aspects of the Kable's Fulfillment Services operations in order to improve operating efficiencies and customer service and also to reduce costs. To date, this project has resulted in (i) one significant workforce reduction that occurred in the first quarter of 2008, (ii) the substantial completion of a plan announced in the second quarter of 2008 to redistribute the work performed at the Marion, Ohio facility of its Fulfillment Services business and the scheduled closing of that facility, and (iii) the consolidation of a fulfillment operations customer call center. The Company incurred costs directly related to the integration project of $498,000 and $303,000 for the quarters ending July 31, 2008 and 2007, principally for severance and other consulting costs related to the integration, and these costs are included in the Restructuring and fire recovery costs in the Company's consolidated statements of income.

On December 5, 2007 a warehouse of approximately 38,000 square feet leased by the Company in Oregon, Illinois was totally destroyed by fire. The warehouse was used principally to store back issues of magazines published by certain customers for whom the Company fills back-issue orders as part of its services. The Company has filed a preliminary claim with its insurance provider for its property loss and has been advanced $500,000 for replacement of such property. In addition, the Company was required to provide insurance for certain of those customers whose property was destroyed in the warehouse fire. Through August 31, 2008, the Company's insurance provider had paid approximately $65,000 to customers for lost materials. The Company believes that the net effect of the outcome of other claims pending or unasserted related to materials of certain publishers for whom it was required to provide insurance, together with proceeds from its property claims, will not have a material effect on its financial position, results of operations or cash flows.

During the quarter ended July 31, 2008, the Company recorded other income of

$173,000 for a business interruption claim resulting from the fire that was approved by its insurer. The Company also recorded charges to operations of $89,000 related to fire recovery costs, principally for legal and other advisory costs that were not covered by insurance. These costs are included in the Restructuring and fire recovery costs in the Company's consolidated statements of income.

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Interest and other revenues were $284,000 for the three-month period ended July 31, 2008 compared to $910,000 for the same period in the prior year. The decrease in the 2009 first quarter was the result of reduced interest income due to lower cash balances to invest.

Real estate commissions and selling expenses decreased $175,000 in the first quarter of 2009 compared to the same period in 2008, principally due to the reduced volume of land sales. Other operating expenses decreased $212,000 for the three-month period ended July 31, 2008 compared to the same period in 2007 primarily due to the sale of certain AMREP Southwest non-inventory real estate assets in the second quarter of 2008, which eliminated related operating expenses.

General and administrative costs of Media Services operations decreased $559,000 in the first quarter of 2009 compared to the same period in 2008 primarily due to realized savings from the Fulfillment Services operations integration project. Real estate and corporate general and administrative expense was comparable on a year-to-year basis.

LIQUIDITY AND CAPITAL RESOURCES

During the past several years, the Company has financed its operations from internally generated funds from real estate sales and Media Services operations, and from borrowings under its various lines-of-credit and development loan agreements.

Cash Flows From Operating Activities

Real Estate receivables decreased from $13,124,000 at April 30, 2008 to $12,084,000 at July 31, 2008 reflecting the net effect of payments received on mortgage notes held by AMREP Southwest offset in part by mortgages notes received by AMREP Southwest in connection with real estate sales that closed during the first three months of 2009. Receivables from Media Services operations increased from $45,701,000 at April 30, 2008 to $49,533,000 at July 31, 2008, primarily due to the effect of higher quarter-end billings at July 31, 2008 compared to April 30, 2008.

Real Estate inventory was $72,832,000 at July 31, 2008 compared to $70,252,000 at April 30, 2008. Inventory in the Company's core real estate market of Rio Rancho increased from $63,215,000 at April 30, 2008 to $65,689,000 at July 31, 2008, primarily reflecting the net effect of development spending and land sales. The balance of real estate inventory consisted of properties in Colorado.

Accounts payable and accrued expenses decreased from $98,532,000 at April 30, 2008 to $89,989,000 at July 31, 2008, primarily as a result of the timing of payments due to publishers and vendors. In addition, under a distribution arrangement with one publisher customer of the Newsstand Distribution Services business, that publisher bears the ultimate credit risk of non-collection of related amounts due from the customers to which the Company distributes the publisher's magazines. Accounts receivable subject to this arrangement were netted ($25,188,000 was netted at July 31, 2008 and $22,703,000 was netted at April 30, 2008) against the related accounts payable due the publisher on the accompanying consolidated balance sheets.

Cash Flows From Investing Activities

Capital expenditures totaled $185,000 and $1,656,000 in the first three months of 2009 and 2008, primarily for computer hardware and software development expenditures related to the Fulfillment Services business and, in 2008, $663,000 for certain real estate investments assets. The Company believes that it has adequate cash and financing capability to provide for its anticipated future capital expenditures.

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Cash Flows From Financing Activities

AMREP Southwest has a revolving credit facility with a bank that matures in September 2009. Media Services has bank financing facilities that mature at various dates through May 2010. Each of the facilities requires the borrowers to meet certain covenants. The borrowers were in compliance with these covenants at July 31, 2008.

Future Payments Under Contractual Obligations

The Company is obligated to make future payments under various contracts, including its debt agreements and lease agreements, and is subject to certain other commitments and contingencies. The table below summarizes significant contractual obligations as of July 31, 2008 for the items indicated (in thousands):

Contractual Obligations	Total	Less than 1 year	1 - 3 years	3 - 5 years
Notes payable	$30,561	$ 2,879	$27,267	$ 415
Operating leases and other	27,376	5,567	10,517	7,220
Total	$57,937	$ 8,446	$37,784	$ 7,635

The increase in notes payable from April 30, 2008 was due to increased borrowings by AMREP Southwest and Kable. Operating leases and other includes liabilities of $2,793,000 related to unrecognized tax benefits and related interest accrued in accordance with FIN 48. Refer to Notes 9, 14 and 16 to the consolidated financial statements included in the 2008 Form 10-K for additional information on long-term debt and commitments and contingencies.

Risk Factors

In addition to the other information set forth in this report, the factors discussed in Part I, "Item 1A. Risk Factors" in the 2008 Form 10-K, which could materially affect the Company's business, financial condition or future results, should be carefully considered. The risks described in the 2008 Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that currently are deemed to be immaterial also may materially adversely affect the Company's business, financial condition or operating results.

Statement of Forward-Looking Information

The Private Securities Litigation Reform Act of 1995 (the "Act") provides a safe harbor for forward-looking statements made by or on behalf of the Company. The Company and its representatives may from time to time make written or oral statements that are "forward-looking", including statements contained in this report and other filings with the Securities and Exchange Commission, reports to the Company's shareholders and news releases. All statements that express expectations, estimates, forecasts or projections are forward-looking statements within the meaning of the Act. In addition, other written or oral statements, which constitute forward-looking statements, may be made by or on behalf of the Company. Words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "projects", "forecasts", "may", "should", variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and contingencies that are difficult to predict. These risks and uncertainties include, but are not limited to, the risks described above under the heading "Risk Factors". Many of the factors that will determine the Company's future results are beyond the ability of management

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to control or predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in or suggested by such forward-looking statements. The Company undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company has several credit facilities that require the Company to pay interest at a rate that may change periodically. These variable rate obligations expose the Company to the risk of increased interest expense in the event of increases in short-term interest rates. At July 31, 2008, borrowings of $25,880,000 were subject to variable interest rates. Refer to Item 7(A) of the 2008 Form 10-K for additional information regarding quantitative and qualitative disclosures about market risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's chief financial officer and the other executive officers whose certifications accompany this quarterly report, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. As a result of such evaluation, the chief financial officer and such other executive officers have concluded that such disclosure controls and procedures are effective to provide reasonable assurance that the information required to be disclosed in the reports the Company files or submits under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding disclosure. The Company believes that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Changes in Internal Control over Financial Reporting

No change in the Company's system of internal control over financial reporting occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

PART II. OTHER INFORMATION

Item 6. Exhibits

Exhibit No.	Description
31.1	Certification required by Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2	Certification required by Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.3	Certification required by Rule 13a-14(a) under the Securities Exchange Act of 1934.
32	Certification required pursuant to 18 U.S.C. Section 1350.

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.

Date: September 8, 2008

AMREP CORPORATION
(Registrant)

By: /s/ Peter M. Pizza

Peter M. Pizza
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Description
31.1	Certification required by Rule 13a-14(a) under the Securities Exchange Act of 1934 - Filed herewith.
31.2	Certification required by Rule 13a-14(a) under the Securities Exchange Act of 1934 - Filed herewith.
31.3	Certification required by Rule 13a-14(a) under the Securities Exchange Act of 1934 - Filed herewith.
32	Certification required pursuant to 18 U.S.C. Section 1350 - Filed herewith.