AMREP CORP.
Form 10-Q
December 10, 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 October 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

Non-accelerated filer ___ Smaller reporting company ___
(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 November 30, 2008 - 5,996,212.

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)

	October 31, 2008
ASSETS:	
Cash and cash equivalents	$ 29,864
Restricted cash	3,840
Receivables, net:	
Real estate operations	10,084
Media services operations	46,139
	56,223
Taxes receivable	970
Real estate inventory	76,423
Investment assets, net	10,273
Property, plant and equipment, net	26,611
Intangible and other assets, net	28,833
Goodwill	54,139
TOTAL ASSETS	$ 287,176
LIABILITIES AND SHAREHOLDERS' EQUITY:	
LIABILITIES:	
Accounts payable, net and accrued expenses	$ 85,156
Notes payable:	
Amounts due within one year	25,928
Amounts subsequently due	11,590
	37,518
Taxes payable	-
Deferred income taxes and other long-term liabilities	14,517
Accrued pension cost	1,948
TOTAL LIABILITIES	139,139
SHAREHOLDERS' EQUITY:	
Common stock, $.10 par value; Shares authorized - 20,000,000; 7,420,704 shares issued at October 31, 2008 and 7,419,704 at April 30, 2008	742
Capital contributed in excess of par value	46,100
Retained earnings	131,374
Accumulated other comprehensive loss, net	(3,522)
Treasury stock, at cost; 1,424,492 shares	(26,657)

TOTAL SHAREHOLDERS' EQUITY	148,037
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 287,176

See accompanying notes to consolidated financial statements.

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AMREP CORPORATION AND SUBSIDIARIES
Consolidated Statements of Income and Retained Earnings (Unaudited)
Three Months Ended October 31, 2008 and 2007
(Thousands, except per share amounts)

	2008
REVENUES:	
Real estate land sales	$ 4,810
Media services operations	35,254
Interest and other	226
	40,290
COSTS AND EXPENSES:	
Cost of sales - real estate land sales	154
Operating expenses:	
Media services operations	30,289
Real estate commissions and selling	91
Other	279
General and administrative:	
Media services operations	3,471
Real estate operations and corporate	985
Restructuring and fire recovery costs	125
Interest expense, net of capitalized amounts	147
	35,541
INCOME BEFORE INCOME TAXES	4,749
PROVISION FOR INCOME TAXES	1,854
NET INCOME	2,895
RETAINED EARNINGS, beginning of period	128,479
RETAINED EARNINGS, end of period	$ 131,374
EARNINGS PER SHARE - BASIC AND DILUTED	$ 0.48
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	5,996

See accompanying notes to consolidated financial statements.

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AMREP CORPORATION AND SUBSIDIARIES
Consolidated Statements of Income and Retained Earnings (Unaudited)
Six Months Ended October 31, 2008 and 2007
(Thousands, except per share amounts)

	2008
REVENUES:	
Real estate land sales	$ 6,073
Media services operations	69,277
Interest and other	510
	75,860
OSTS AND EXPENSES:	
Cost of sales - real estate land sales	520
Operating expenses:	
Media services operations	60,450
Real estate commissions and selling	169
Other	534
General and administrative:	
Media services operations	6,280
Real estate operations and corporate	2,075
Restructuring and fire recovery costs	712
Interest expense, net of capitalized amounts	259
	70,999
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	4,861
PROVISION FOR INCOME TAXES FROM CONTINUING OPERATIONS	1,895
INCOME FROM CONTINUING OPERATIONS	2,966
LOSS FROM OPERATIONS OF DISCONTINUED BUSINESS (NET OF INCOME TAXES)	-
NET INCOME	2,966
RETAINED EARNINGS, beginning of period	128,408
DIVIDENDS PAID	-
RETAINED EARNINGS, end of period	$ 131,374
EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED	
CONTINUING OPERATIONS	$ 0.49
DISCONTINUED OPERATIONS	-
EARNINGS PER SHARE - BASIC AND DILUTED	$ 0.49
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	5,996

See accompanying notes to consolidated financial statements.

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

	2008
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 2,966
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	4,818
Non-cash credits and charges:	
Pension benefit	(97)
Provision for doubtful accounts	51
Gain on disposition of assets, net	(3)
Changes in assets and liabilities:	
Receivables	2,589
Real estate inventory	(4,192)
Intangible and other assets	(762)
Accounts payable and accrued expenses	(13,376)
Taxes payable	(1,950)
Deferred income taxes and other long-term liabilities	2,159
Total adjustments	(10,763)
Net cash provided by (used in) operating activities	(7,797)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures - property, plant and equipment	(660)
Capital expenditures - investment assets	-
Acquisition, net of cash acquired	-
Proceeds from disposition of assets	-
Restricted cash	(3,840)
Net cash used in investing activities	(4,500)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Acquisition of treasury stock	-
Exercise of stock options	15
Proceeds from debt financing	37,997
Principal debt payments	(28,459)
Dividends paid	-
Net cash provided by (used in) financing activities	9,553
DECREASE IN CASH AND CASH EQUIVALENTS	(2,744)
CASH AND CASH EQUIVALENTS, beginning of period	32,608
CASH AND CASH EQUIVALENTS, end of period	$ 29,864
SUPPLEMENTAL CASH FLOW INFORMATION:	
Interest paid - net of amounts capitalized	$ 222
Income taxes paid - net of refunds	$ 1,590

See accompanying notes to consolidated financial statements.

AMREP CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)
Six Months Ended October 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 second quarter or first six months of 2009 and 2008 mean the fiscal three and six month periods ended October 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):

	October 31, 2008	April 30, 2008
Fulfillment Services	$ 32,891	$ 28,348
Newsstand Distribution Services, net of estimated returns	13,956	18,008
	46,847	46,356
Less allowance for doubtful accounts	(708)	(655)
	$ 46,139	$ 45,701

Newsstand Distribution Services accounts receivable are net of estimated magazine returns of $57,596,000 at October 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 ($21,100,000 was netted at October 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):

	October 31, 2008	April 30, 2008
Land held for long-term investment	$ 9,754	$ 9,771
Commercial rental properties:		
Land, buildings and improvements	754	754
Furniture and fixtures	40	40
	794	794
Less accumulated depreciation	(275)	(265)
	519	529
	$ 10,273	$ 10,300

(4) Property, Plant and Equipment, Net

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

	October 31, 2008	April 30, 2008
Land, buildings and improvements	$ 17,868	$ 17,875
Furniture and equipment and other	45,810	45,300
	63,678	63,175
Less accumulated depreciation	(37,067)	(34,261)
	$ 26,611	$ 28,914

(5) Intangible and Other Assets, Net

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

	October 31, 2008		A
	Cost	Accumulated Amortization	Cost

Software development costs	$ 10,139	$ 4,877	$ 10,017
Deferred order entry costs	5,185	-	5,681
Prepaid expenses	3,666	-	3,047
Customer contracts and relationships	15,000	2,237	15,000
Other	3,022	1,065	2,430
	$ 37,012	$ 8,179	$ 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 twelve month period. Customer contracts and relationships are amortized over twelve years.

(6) Accounts Payable, Net and Accrued Expenses

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

	October 31, 2008	April 30, 2008
Publisher payables, net	$ 65,877	$ 77,003
Accrued expenses	5,444	5,000
Trade payables	4,714	5,753
Other	9,121	10,776
	$ 85,156	$ 98,532

As described in Note 2, pursuant to the 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 ($21,100,000 was netted at October 31, 2008 and $22,703,000 at April 30, 2008) against the related accounts payable due the publisher on the accompanying consolidated balance sheets.

(7) Notes Payable

Notes payable consist of the following (in thousands):

	October 31, 2008	April 30, 2008
Notes payable:		
Line-of-credit borrowings:		
Real estate operations	$ 23,900	$ 18,000
Media services operations	13,133	4,582
Real estate operations term loan	-	2,774
Other notes payable	485	624

	$ 37,518	$ 25,980

(8) Taxes

The unrecognized tax benefits pursuant to Financial Accounting Standards Board Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes", were $2,076,000 at October 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 Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements". 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 Company's adoption of SFAS No. 157 for financial assets and financial liabilities, effective May 1, 2008, did not have an impact on its 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 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. SFAS No. 159 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 six month period ended October 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

In October 2008, the Company announced a project to unify its magazine subscription, membership and direct mail fulfillment services under one brand, Palm Coast Data, and in one location, Palm Coast, Florida. This unification project is expected to streamline operations, improve service to clients and create cost efficiencies through reduced overhead costs and the elimination of operating redundancies. The Company is still evaluating various alternatives for this expansion, which could be in the range of $15,000,000 to $20,000,000 in capital expenditures. The project is scheduled to be implemented over a two-to-three year period, and over that period may involve approximately $6,000,000 of non-recurring cash costs for severance, training and transition, facility closings and equipment relocation. The State of Florida and the City of Palm Coast have agreed to provide incentives for the program, including cash and employee training grants and tax relief, which could amount to as much as $8,000,000, largely contingent on existing job retention and new job creation. Previously during fiscal 2008, the Company announced (i) one significant workforce reduction in its Fulfillment Services business that occurred in the second quarter of fiscal 2008, (ii) a plan to redistribute the work performed at the Marion, Ohio facility of its Fulfillment Services business and the scheduled closing of that facility that was substantially completed in August 2008, and (iii) the consolidation of fulfillment operations customer call centers. The Company incurred total costs directly related to the unification project of $75,000 and $573,000 in the second quarter and first six months of 2009 compared to $117,000 and $419,000 for the same periods of 2008, principally for severance and consulting costs. These costs are included in the Restructuring and fire recovery costs in the Company's consolidated statements of income and retained earnings.

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 filled 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 November 30, 2008, the Company's insurance carrier had paid approximately $164,000 to

customers for lost materials. The Company also recorded in the first quarter of 2009 $173,000 of other income for a business interruption claim resulting from the fire. The Company believes that the net effect of the outcome of other pending or unasserted claims 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.

The Company recorded charges to operations of $50,000 and $139,000 for the second quarter and first six months of 2009 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 and retained earnings.

In June 2008, a lawsuit was brought against the Company's Kable News Company, Inc. subsidiary by the owner of the warehouse building leased by the subsidiary that was totally destroyed in the fire. A temporary staffing company that provided the subsidiary with an employee who is alleged to have had a role in causing the fire while operating a forklift is also named as a defendant. Plaintiff claims specific to Kable News are with negligence and willful and wanton misconduct. The Company's liability insurance provides coverage for the negligence claim up to the policy limit, which may or may not be as much as the full amount of plaintiff's claimed damages, which is unknown at this time. Additionally, the insurance carrier has indicated it intends to deny coverage of the willful and wanton misconduct claim. The Company believes it has good defenses to the claims and potential cross-claims against the other parties for their conduct in the matter, and intends vigorously to defend the lawsuit. However, the proceeding is in the discovery phase and the Company is not in a position to offer a prediction as to its outcome.

(12) Subsequent Events

On November 7, 2008, the Company announced the purchase, through a newly-formed subsidiary of Kable Media Services, Inc., of certain assets of Service Parts Supply Corp. ("SPS"), a privately-held company engaged in the product repackaging and fulfillment industry located in Fairfield, Ohio. In a separate transaction, another Company subsidiary acquired a 191,000 square foot warehouse leased by SPS. These transactions are expected to provide benefits to many of the customers of the Company's product fulfillment subsidiary through the combination of that subsidiary's services with those to be provided with the purchased SPS assets. Lastly, on the same date, another newly-formed subsidiary of Kable Media Services, Inc. purchased certain assets of Resource One Staffing, LLC, a provider of temporary staffing services that was majority-owned by the same individual who owned SPS. The aggregate purchase price of the assets purchased in the three transactions was approximately $7,500,000, and was financed from working capital, bank borrowings and the assumption of a $4,800,000 mortgage on the warehouse.

On November 26, 2008, a lawsuit was brought against the Company's Kable News Company, Inc. ("Kable News") subsidiary by a magazine publisher and a number of insurance companies as the subrogees of other magazine publishers whose property stored by Kable News in the warehouse was destroyed in the fire. The three defendants are the warehouse owner, Kable News and the temporary staffing company that provided an employee who is alleged to have had a role in causing the fire. Plaintiffs' claims specific to Kable News are negligence, breach of contract and willful and wanton misconduct. The complaint seeks damages in an amount in excess of $1,000,000. The Company believes that Kable News has good defenses to the claims and potential cross-claims against the other parties for their conduct in the matter, and intends vigorously to defend the lawsuit. However, the proceeding is in its very earliest stage and the Company is not in a position to offer a prediction as to its outcome.

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(13) 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 and six month periods ended October 31, 2008 and 2007 (in thousands):

	Real Estate Operations	Fulfillment Services	Newsstand Distribution Services	Co
Three months ended October 31, 2008:				
Revenues	$ 5,001	$ 32,158	$ 3,096	$

Income (loss) from continuing operations	2,361	(23)	210	
Provision (benefit) for income taxes from continuing operations	1,534	(13)	195	
Income (loss) from continuing operations before income taxes	3,895	(36)	405	
Interest expense (income), net (b)	-	849	(312)	
Depreciation and amortization	11	2,259	145	
EBITDA (c)	$ 3,906	$ 3,072	$ 238	$
Capital expenditures	$ 7	$ 463	$ 5	$
Three months ended October 31, 2007 (a):				
Revenues	$ 6,428	$ 32,036	$ 3,556	$
Income from continuing operations	2,347	134	560	
Provision for income taxes from continuing operations	1,378	86	321	
Income (loss) from continuing operations before income taxes	3,725	220	881	
Interest expense (income), net (b)	-	1,394	(383)	
Depreciation and amortization	61	2,405	243	
EBITDA (c)	$ 3,786	$ 4,019	$ 741	$
Capital expenditures	$ 277	$ 1,851	$ 21	$

	Real Estate Operations	Fulfillment Services	Newsstand Distribution Services	Co
Six months ended October 31, 2008:				
Revenues	$ 6,530	$ 62,826	$ 6,451	$
Income (loss) from continuing operations	2,460	(723)	580	
Provision (benefit) for income taxes from continuing operations	1,592	(425)	413	
Income (loss) from continuing operations before income taxes	4,052	(1,148)	993	
Interest expense (income), net (b)	-	1,681	(618)	
Depreciation and amortization	20	4,510	285	
EBITDA (c)	$ 4,072	$ 5,043	$ 660	$

Capital expenditures	$ 8	$ 641	$ 10	$
Six months ended October 31, 2007 (a):				
Revenues	$ 25,291	$ 61,023	$ 6,867	$
Income (loss) from continuing operations	9,727	(1,725)	808	
Provision (benefit) for income taxes from continuing operations	5,712	(1,004)	464	
Income (loss) from continuing operations before income taxes	15,439	(2,729)	1,272	
Interest expense (income), net (b)	-	2,861	(869)	
Depreciation and amortization	116	4,736	487	
EBITDA (c)	$ 15,555	$ 4,868	$ 890	$
Capital expenditures	$ 1,179	$ 2,800	$ 37	$

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

(b) Interest expense (income), 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 second quarter or first six months of 2009 and 2008 mean the fiscal three and six month periods ended October 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 April 30, 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 April 30, 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 these 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 Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements", 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", 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 new accounting policies during the quarter ended October 31, 2008.

RESULTS OF OPERATIONS

For the second quarter of 2009, net income was $2,895,000, or $0.48 per share, compared to net income of $3,467,000, or $0.55 per share, in the second quarter of 2008. Results for the second quarters of 2009 and 2008 were entirely from continuing operations. For the first six months of fiscal 2009, net income was $2,966,000, or $0.49 per share, compared to net income of $9,730,000, or $1.50 per share, for the same period of 2008. Results for the first six months of 2009 were from continuing operations while results for the first six months of 2008 included a loss on discontinued operations of $57,000, net of tax, 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 fiscal 2007. Revenues were $40,290,000 and $75,860,000 in the second quarter and first six months of 2009 compared to $42,090,000 and $93,449,000 in the same periods last year.

Revenues from land sales at AMREP Southwest were $4,810,000 and $6,073,000 for the three and six month periods ended October 31, 2008 compared to $3,161,000 and $21,311,000 for the same periods of the prior year. The increase of $1,649,000 for the second quarter of 2009 compared to the same quarter of 2008 reflected the sale in this period's second quarter of approximately 50 acres of undeveloped land for $3,849,000. Except for this sale, the Company continues to experience 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. In total, second quarter land sales revenues and gross profits in fiscal 2009 were from the sale of approximately 87 acres of undeveloped land, including the aforementioned sale of approximately 50 acres to one purchaser, and the sale of three developed residential lots, while in the same period of fiscal 2008 they were from the sale of 58 developed residential lots to homebuilders and commercial developers as well as from the sale of approximately 11 acres of undeveloped land. In addition, the trend of declining permits for new home construction in the Rio Rancho area also continues, with 28% fewer single-family residential building permits issued during the first ten calendar months of 2008 compared to the same period in 2007. The Company believes that this decline is generally consistent with the well-publicized problems of the national home building industry and credit markets, 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 have slowed the pace of building on developed lots previously purchased from the Company in Rio Rancho and 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.

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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 second quarter and first six months of fiscal 2009 and 2008, the Company's land sales in Rio Rancho were as follows:

	2008			2007	
	Acres Sold	Revenues (in 000s)	Revenues Per Acre (in 000s)	Acres Sold	Revenues (in 000s)
Three months ended October 31:					
Developed					
Residential	0.4	$ 86	$ 244	10.0	$ 2,740
Commercial	-	-	-	-	-
Total Developed	0.4	86	244	10.0	2,740
Undeveloped	87.1	4,724	54	11.0	421
Total	87.5	$ 4,810	$ 55	21.0	$ 3,161
Six months ended October 31:					
Developed					
Residential	1.8	$ 428	$ 238	30.0	$ 9,468
Commercial	1.0	126	126	14.0	2,921
Total Developed	2.8	554	198	44.0	12,389

Undeveloped	131.9	5,519	42	302.0	8,922
Total	134.7	$ 6,073	$ 45	346.0	$ 21,311

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 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 revenue per acre of undeveloped land in the second quarter of 2009 was higher compared to the same period in the prior year due to the undeveloped land sold in the current year being from locations nearer developed areas and thus generally having higher average selling prices. The average gross profit percentage on land sales increased from 50% and 66% for the second quarter and first six months of 2008 to 97% and 91% for the same periods in 2009. This increase was attributable to the mix of land sold, and principally was the result of the previously described 50 acre sale of undeveloped land in the second quarter of 2009 to one purchaser with revenues of $3,849,000, which contributed a gross profit of $3,825,000 (99%). Revenues, gross profits, average sales prices 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, remained nearly unchanged for the second quarter of 2009 versus the same period in 2008, totaling $35,254,000 this year compared to $35,592,000 last year, and increased from $67,890,000 in the first six months of 2008 to $69,277,000 for the same period in 2009. The six month increase was primarily attributable to the Company's Fulfillment Services operations, where revenues were $32,158,000 and $62,826,000 for the second quarter and first six months of 2009 compared to $32,036,000 and $61,023,000 in the same periods of the prior year. The principal reason for the revenue increase in 2009 was the net effect of revenue gains from new and existing clients that were offset in part by reduced and lost business from certain customers. Revenues from Newsstand Distribution Services operations decreased from $3,556,000 and

$6,867,000 for the second quarter and first six months of 2008 to $3,096,000 and $6,451,000 for the same periods in 2009, primarily reflecting a softening of magazine newsstand demand. Kable's operating expenses increased by $172,000 and $552,000 for the second quarter and first six months of 2009 compared to the same periods in 2008, primarily attributable to computer systems integration costs and consulting costs of the Fulfillment Services business.

In October 2008, the Company announced a project to unify its magazine subscription, membership and direct mail fulfillment services under one brand, Palm Coast Data, and in one location, Palm Coast, Florida. This unification project is expected to streamline operations, improve service to clients and create cost efficiencies through reduced overhead costs and the elimination of operating redundancies. The Company is still evaluating various alternatives for this expansion, which could be in the range of $15,000,000 to $20,000,000 in capital expenditures. The project is scheduled to be implemented over a two-to-three year period, and over that period may involve approximately $6,000,000 of non-recurring cash costs for severance, training and transition, facility closings and equipment relocation. The State of Florida and the City of Palm Coast have agreed to provide incentives for the program, including cash and employee training grants and tax relief, which could amount to as much as

$8,000,000, largely contingent on existing job retention and new job creation. Previously during fiscal 2008, the Company announced (i) one significant workforce reduction in its Fulfillment Services business that occurred in the second quarter of fiscal 2008, (ii) a plan to redistribute the work performed at the Marion, Ohio facility of its Fulfillment Services business and the scheduled closing of that facility that was substantially completed in August 2008, and (iii) the consolidation of fulfillment operations customer call centers. The Company incurred total costs directly related to the unification project of $75,000 and $573,000 in the second quarter and first six months of 2009 compared to $117,000 and $419,000 for the same periods of 2008, principally for severance and consulting costs. These costs are included in the Restructuring and fire recovery costs in the Company's consolidated statements of income and retained earnings.

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 filled back-issue orders as part of its services. The Company has filed a preliminary claim with its insurance carrier 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 November 30, 2008, the Company's insurance provider had paid approximately $164,000 to customers for lost materials. The Company also recorded in the first quarter of 2009 $173,000 of other income for a business interruption claim resulting from the fire. The Company believes that the net effect of the outcome of other pending or unasserted claims 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.

The Company recorded charges to operations of $50,000 and $139,000 for the second quarter and first six months of 2009 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 and retained earnings.

Interest and other revenues decreased $3,129,000 and $3,776,000 for the second quarter and six month periods ended October 31, 2008 compared to the same periods in the prior year, primarily due to a pre-tax gain from the sale of a commercial property ($1,873,000) and the forfeiture of a deposit for the purchase of land by a homebuilder who did not exercise a purchase option ($618,000) in the second quarter of 2008, with no similar transactions occurring in the first six months of 2009. To a lesser extent, interest and other revenues were also lower in the first six months of 2009 compared to the same period in 2008 due to lower cash balances.

Real estate commissions and selling expenses were generally unchanged for the quarter ended October 31, 2008 compared to the same period in 2007. For the six month period ended October 31, 2008, real estate commissions and selling expenses decreased $172,000 principally due to the reduced volume of land sales. Other operating expenses decreased $179,000 and $391,000 for the three and six month periods ended October 31, 2008 compared to the same periods last year, primarily due to the previously mentioned sale of a commercial property in the second quarter last year, which eliminated related operating expenses.

General and administrative expenses of Media Services operations increased $651,000 and $92,000 in the second quarter and first six months of 2009 compared to the same periods in 2008, primarily due to the aforementioned consulting fees associated with the unification project of the Fulfillment Services business. Real estate operations and corporate general and administrative expense decreased $96,000 and $113,000 for the second quarter and first six months of 2009, primarily due to reduced professional fees.

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 $10,084,000 at October 31, 2008 reflecting the net effect of (i) 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 second quarter of 2009 and (ii) the reclassification of approximately $1,962,000 to real estate inventory from receivables resulting from the receipt of deeds in lieu of foreclosure related to delinquent mortgage notes receivable. Receivables from Media Services operations increased from $45,701,000 at April 30, 2008 to $46,139,000 at October 31, 2008, primarily due to the effect of higher quarter-end billings at October 31, 2008 compared to April 30, 2008.

Real estate inventory was $76,423,000 at October 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 $69,213,000 at October 31, 2008, primarily reflecting the net effect of development spending and land sales and the reclassification of mortgage notes receivable to inventory discussed above. 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 $85,156,000 at October 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 ($21,100,000 was netted at October 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

Restricted cash of $3,840,000 reflects amounts held in escrow that were received in connection with the sale of investment assets that are identified as "1031 Exchange assets" and which are restricted pending the identification and purchase of replacement assets.

Capital expenditures for property, plant and equipment, primarily for computer hardware and software development expenditures related to the Fulfillment Services business, totaled $660,000 and $2,927,000 in the first six months of 2009 and 2008. In addition, in the first six months of 2008, the Company spent $1,092,000 for certain real estate investment assets. The Company believes that it has adequate cash and financing capability to provide for its anticipated future capital expenditures.

Cash Flows From Financing Activities

The Company's subsidiaries have various 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 October 31, 2008.

AMREP Southwest has a $25,000,000 revolving credit facility with a bank that matures in September, 2009. As a result of the extreme volatility in the financial markets, the cost of obtaining money has increased and many lenders have increased interest rates, imposed tighter lending standards, refused to refinance existing debt at maturity on terms similar to current terms and, in some cases, have ceased to provide funding to borrowers. The bank has recently informed AMREP Southwest that it presently anticipates, as a matter of policy, discussing a renewal of the arrangement and providing a terms letter 90-days prior to the expiration of the current agreement; however, the bank has also indicated that, due to the credit markets and the real estate economy, it would expect different terms and conditions, including a higher interest rate, in order to extend the line.

With respect to the Kable Fulfillment/Palm Coast Data unification project described above in Results of Operations, the Company expects that this project will include a two-to-three year capital expansion program. The Company is still evaluating various alternatives for this expansion, which could be in the range of $15,000,000 to $20,000,000, of which $3,800,000 is contemplated to be provided by AMREP Southwest in the form of an "IRS Section 1031 reinvestment" purchase of an office building that will be leased back to Palm Coast. The Company estimates that the implementation of this program will also result in approximately $6,000,000 of non-recurring cash costs for severance, training and transition, facility closings and equipment relocation. To assist in the program, Palm Coast has procured approximately $8,000,000 of governmental incentives from the State of Florida and the City of Palm Coast for the program, including cash and employee training grants and tax relief that are largely contingent on existing job retention and new job creation. The Company is also in various stages of discussions with several possible lenders to provide financing for part of this expansion, with the balance anticipated to be funded from operations.

In both of the above cases, there can be no assurance the required financing will be available on satisfactory terms.

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 October 31, 2008 for the items indicated (in thousands):

	Less than	1 - 3	3 - 5

Contractual Obligations	Total	1 year	years	years
Notes payable	$ 37,518	$ 25,928	$ 11,377	$ 213
Operating leases and other	26,811	5,511	10,809	7,076
Total	$ 64,329	$ 31,439	$ 22,186	$ 7,289

The increase in notes payable from April 30, 2008 was due to increased borrowings by AMREP Southwest and Media Services. Operating leases and other includes liabilities of $2,890,000 related to unrecognized tax benefits and related accrued interest recorded 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.

Pension Plan

With the recent substantial declines in the global equity and debt markets, there has been a substantial decline in the fair market value of the assets in the Retirement Plan for Employees of AMREP Corporation ("Plan"), from $27,225,000 at April 30, 2008 to approximately $17,900,000 at November 30, 2008, which will likely result in additional funding requirements from the Company to the Plan beginning in calendar 2009. Funding requirements to the Plan are determined based upon the provisions of the Pension Protection Act of 2006, which generally requires "full funding" (as defined) of defined benefit pension plans to be made over a seven year period. The amount that may be required to be funded by the Company is not presently determinable, as it will be based upon the fair market value of assets of the Plan as compared to the actuarially computed value of the Plan's vested liabilities, in each case as of December 31, 2008. In addition, the change in the previously accrued pension liability for the Plan based upon the fair market value of assets compared to the pension benefit obligation as of April 30, 2009 will be reflected as a component of comprehensive income or loss in the Company's 2009 financial statements.

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 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 forward-looking statements contained in this report include, but are not limited to, statements regarding the unification project of the Fulfillment Services business (including the estimated related capital expenditures and incentives anticipated to be received from the State of Florida and the City of Palm Coast), future financing requirements and concerns of future pension plan funding obligations. 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 October 31, 2008, borrowings of $33,342,000 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 1. Legal Proceedings

Reference is made to paragraph B of Item 3 of the 2008 Form 10-K which reports a lawsuit commenced in June 2008 against the Company's Kable News Company, Inc. ("Kable News") subsidiary by the owner of a warehouse leased by Kable News that was totally destroyed in a fire in December 2007. On November 26, 2008 a lawsuit captioned Alpinist, et al v. Haan, et al was filed in the Circuit Court of the Fifteenth Judicial Circuit Ogle County, Illinois. The plaintiffs are a magazine publisher and a number of insurance companies as the subrogees of other magazine publishers whose property stored by Kable News in the warehouse was destroyed in the fire. The three defendants are the warehouse owner, Kable News and the temporary staffing company that provided an employee who is alleged to have had a role in causing the fire. Plaintiffs' claims specific to Kable News are negligence, breach of contract and willful and wanton misconduct. The complaint seeks damages in an amount in excess of $1,000,000. The Company believes that Kable News has good defenses to the claims and potential cross-claims against the other parties for their conduct in the matter, and intends vigorously to defend the lawsuit. However, the proceeding is in its very earliest stage and the Company is not in a position to offer a prediction as to its outcome.

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

The 2008 Annual Meeting of Shareholders of the Company was held on September 15, 2008. At the meeting, Nicholas G. Karabots, Albert V. Russo and Jonathan B. Weller were re-elected directors of the Company by the following votes:

	For	Withheld
Nicholas G. Karabots	5,468,830	378,697
Albert V. Russo	5,803,531	43,996
Jonathan B. Weller	5,804,288	43,239

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.

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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: December 10, 2008

AMREP CORPORATION
(Registrant)

By: /s/ Peter M.Pizza

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

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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.

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