AMREP CORP.
Form 10-Q
December 14, 2006

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, 2006

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

212 Carnegie Center, Suite 302, Princeton, New Jersey 08540
(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 or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ____ Accelerated filer ____ Non-accelerated filer X

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 October 31, 2006 - 6,652,612.

AMREP CORPORATION AND SUBSIDIARIES

INDEX

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 2006
ASSETS:	
Cash and cash equivalents	$ 110,16
Restricted cash	4,23
Receivables, net:	
Real estate operations	16,57
Media services operations	42,51
	59,08
Real estate inventory	40,58
Investment assets, net	11,99
Property, plant and equipment, net	9,79
Other assets, net	16,92
Goodwill	5,19
TOTAL ASSETS	$ 257,96
LIABILITIES AND SHAREHOLDERS' EQUITY:	
LIABILITIES:	
Accounts payable and accrued expenses	$ 79,48
Deferred revenue	6,54
Notes payable:	
Amounts due within one year	1,64
Amounts subsequently due	2,82
	4,47
Taxes payable	5,10
Deferred income taxes	13,49
Accrued pension cost	3,33
TOTAL LIABILITIES	112,43
SHAREHOLDERS' EQUITY:	
Common stock, $.10 par value; Shares authorized - 20,000,000; 7,418,704 shares issued at October 31, 2006 and 7,417,204 at April 30, 2006	74
Capital contributed in excess of par value	46,06
Retained earnings	108,09
Accumulated other comprehensive loss, net	(4,07
Treasury stock, at cost; 766,092 shares at October 31, 2006 and 773,592 shares at April 30, 2006	(5,29
TOTAL SHAREHOLDERS' EQUITY	145,52
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 257,96

See notes to consolidated financial statements.

AMREP CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations and Retained Earnings (Unaudited)
Three Months Ended October 31, 2006 and 2005
(Thousands, except per share amounts)

	2006
REVENUES:	
Real estate operations - land sales	$ 31,707
Media services operations	22,913
Interest and other	1,435
	56,055
COSTS AND EXPENSES:	
Real estate cost of sales - land sales	8,017
Operating expenses:	
Media services operating expenses	18,663
Real estate commissions and selling	490
Other operations	225
General and administrative:	
Media services operations	1,587
Real estate operations and corporate	1,495
Interest expense	83
	30,560
Income from continuing operations before income taxes	25,495
PROVISION FOR INCOME TAXES FROM CONTINUING OPERATIONS	9,433
INCOME FROM CONTINUING OPERATIONS	16,062
(LOSS) FROM OPERATIONS OF DISCONTINUED BUSINESS (NET OF INCOME TAXES)	-
NET INCOME	16,062
RETAINED EARNINGS, beginning of period	92,031
RETAINED EARNINGS, end of period	$ 108,093
EARNINGS PER SHARE - BASIC AND DILUTED:	
CONTINUING OPERATIONS	$ 2.42
DISCONTINUED OPERATIONS	-
EARNINGS PER SHARE - BASIC AND DILUTED	$ 2.42
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	6,649

See notes to consolidated financial statements.

AMREP CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations and Retained Earnings (Unaudited)
Six Months Ended October 31, 2006 and 2005
(Thousands, except per share amounts)

	2006
REVENUES:	
Real estate operations - land sales	$ 64,197
Media services operations	43,740
Interest and other	6,387
	114,324
COSTS AND EXPENSES:	
Real estate cost of sales - land sales	19,484
Operating expenses:	
Media services operating expenses	36,825
Real estate commissions and selling	914
Other operations	552
General and administrative:	
Media services operations	3,317
Real estate operations and corporate	2,477
Interest expense	174
	63,743
Income from continuing operations before income taxes	50,581
PROVISION FOR INCOME TAXES FROM CONTINUING OPERATIONS	18,715
INCOME FROM CONTINUING OPERATIONS	31,866
INCOME FROM OPERATIONS OF DISCONTINUED BUSINESS (NET OF INCOME TAXES)	-
NET INCOME	31,866
RETAINED EARNINGS, beginning of period	81,875
DIVIDEND PAID	(5,648)
RETAINED EARNINGS, end of period	$ 108,093
EARNINGS PER SHARE - BASIC AND DILUTED:	
CONTINUING OPERATIONS	$ 4.79
DISCONTINUED OPERATIONS	-
EARNINGS PER SHARE - BASIC AND DILUTED	$ 4.79

WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	6,646

See notes to consolidated financial statements.

AMREP CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)
Six Months Ended October 31, 2006 and 2005
(Thousands)

	2006
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 31,866
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	2,937
Non-cash credits and charges:	
Pension expense accrual	107
Provision for doubtful accounts	80
Stock based compensation - Directors' Plan	327
Gain on disposition of assets	(4,112)
Changes in assets and liabilities:	
Receivables	(7,432)
Real estate inventory	6,991
Other assets	(2,416)
Accounts payable and accrued expenses	40,092
Deferred revenue	(1,194)
Taxes payable	560
Deferred income taxes	4,340
Total adjustments	40,280
Net cash provided by operating activities	72,146
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures:	
Property, plant, and equipment	(1,098)
Investment assets	(2,492)
Proceeds from disposition of assets	6,140
Restricted cash	(4,232)
Net cash provided (used) by investing activities	(1,682)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from debt financing	12,181
Principal debt payments	(13,726)
Exercise of stock options	14
Dividends paid	(5,648)
Net cash (used) by financing activities	(7,179)

Increase in cash and cash equivalents	63,285
CASH AND CASH EQUIVALENTS, beginning of period	46,882
CASH AND CASH EQUIVALENTS, end of period	$ 110,167
SUPPLEMENTAL CASH FLOW INFORMATION:	
Interest paid - net of amounts capitalized	$ 169
Income taxes paid - net of refunds	$ 13,814

See notes to consolidated financial statements.

AMREP CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)
Six Months Ended October 31, 2006 and 2005

(1) Basis of Presentation

The accompanying unaudited consolidated financial statements included herein 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, the accompanying 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 a good indication 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, 2006 that was previously filed with the Securities and Exchange Commission.

(2) Restricted Cash

Restricted cash consists of amounts held in escrow that were received in connection with (i) sales of non-inventory assets that are identified as "1031 Exchange assets" and which are restricted pending the purchase or identification of replacement assets ($3,916,000) and (ii) certain land sales accounted for under the "percentage of completion method" and which are restricted for the payment of land development work that the Company is required to complete ($316,000).

(3) Receivables

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

	October 31, 2006	April 30, 2006
Fulfillment Services	$ 22,858	$ 20,266
Newsstand Distribution Services, net of estimated returns	21,164	18,409
	44,022	38,675
Allowance for doubtful accounts	(1,512)	(1,535)
	$ 42,510	$ 37,140

Newsstand Distribution Services accounts receivable are net of estimated magazine returns of $55,584,000 and $54,071,000 at October 31, 2006 and April 30, 2006. In addition, pursuant to an arrangement with one publisher customer of the Newsstand Distribution Services segment that commenced in April 2006, 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 ($33,567,000 and $20,368,000 at October 31, 2006 and April 30, 2006) are netted against the related accounts payable due the publisher on the accompanying consolidated balance sheets.

(4) Property, plant and equipment

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

	October 31, 2006	April 30, 2006
Land, buildings and improvements	$ 4,304	$ 4,397
Furniture and equipment	31,098	30,117
Other	77	96
	35,479	34,610
Less accumulated depreciation	(25,689)	(23,731)
	$ 9,790	$ 10,879

(5) Other Assets

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

	October 31, 2006	April 30, 2006
Software development costs	$ 8,868	$ 7,787
Deferred order entry costs	4,029	3,872
Prepaid expenses	2,681	2,137
Other	4,523	3,841

	20,101	17,637
Less accumulated amortization	(3,180)	(2,399)
	$ 16,921	$ 15,238

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 data base files and are charged directly to operations over a 12-month period. Other includes the acquisition costs of certain customer contracts that are amortized over periods that generally range from three to five years.

(6) Accounts Payable and Accrued Expenses

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

	October 31, 2006	April 30, 2006
Publisher payables, net	$ 66,531	$ 27,273
Accrued expenses	5,617	4,320
Trade payables	2,440	2,602
Other	4,893	5,187
	$ 79,481	$ 39,382

Publisher payables increased from April 30, 2006 to October 31, 2006 as a result of additional magazine purchases by the Company under an arrangement with a publisher customer of the Newsstand Distribution Services business that commenced in April 2006. In addition, as discussed more fully in Note 3, pursuant to this arrangement the Company has netted $33,567,000 and $20,368,000

6

of accounts receivable against the related accounts payable at October 31, 2006 and April 30, 2006.

(7) Discontinued operations

Net income (loss) from discontinued operations in the three and six month periods ended October 31, 2005 reflects the gain from the disposition of the primary assets of the Company's El Dorado, New Mexico water utility subsidiary, which were taken through condemnation proceedings.

(8) 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, 2006 and 2005.

THREE MONTHS:

	Real Estate Operations	Fulfillment Services	Newsstand Distribution Services	Corporate
October 2006 (Thousands):				
Revenues	$ 32,430	$ 18,969	$ 4,187	$ 469
Operating and G&A expenses	9,380	17,371	2,878	848
Management fee (income)	248	207	43	(498)
Interest expense	-	167	(84)	-
Pretax income contribution from continuing operations	$ 22,802	$ 1,224	$ 1,350	$ 119
October 2005 (Thousands):				
Revenues	$ 11,975	$ 19,514	$ 3,181	$ 177
Operating and G&A expenses	6,401	17,623	2,835	704
Management fee (income)	249	213	36	(498)
Interest expense	-	117	(48)	-
Pretax income contribution from continuing operations	$ 5,325	$ 1,561	$ 358	$ (29)

SIX MONTHS:

	Real Estate Operations	Fulfillment Services	Newsstand Distribution Services	Corporate
October 2006 (Thousands):				
Revenues	$ 69,522	$ 36,541	$ 7,442	$ 819
Operating and G&A expenses	21,979	34,364	5,777	1,449
Management fee (income)	498	413	85	(996)
Interest expense	-	292	(118)	-
Pretax income contribution from continuing operations	$ 47,045	$ 1,472	$ 1,698	$ 366
Identifiable assets	$ 79,954	$ 46,067	$ 65,213	$ 61,535
Intangible assets	$ -	$ 1,298	$ 3,893	$ -
October 2005 (Thousands):				
Revenues	$ 19,664	$ 38,058	$ 6,792	$ 347
Operating and G&A expenses	12,112	35,468	5,657	1,340
Management fee (income)	498	426	72	(996)
Interest expense	-	227	(18)	-

Pretax income contribution from

continuing operations	$ 7,054	$ 1,937	$ 1,081	$ 3
Identifiable assets	$ 75,039	$ 44,907	$ 35,244	$ 34,719
Intangible assets	$ -	$ 1,298	$ 3,893	$ -

(9) New and Emerging Accounting Standards

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the Company's financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes, and provides guidance for recognizing and measuring tax positions taken or that are expected to be taken in a tax return that directly or indirectly affect amounts reported in the financial statements. FIN 48 also provides accounting guidance for related income tax effects of tax positions that do not meet the recognition threshold specified in this interpretation. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the application of FIN 48 to determine the potential impact on its financial statements.

In September 2006, the FASB issued Statement No. 158 ("SFAS No. 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statement Nos. 87, 88, 106, and 132(R)". SFAS No. 158 requires a company that sponsors a postretirement benefit plan to fully recognize, as an asset or liability, the overfunded or underfunded status of its benefit plan in its balance sheet. The funded status is measured as the difference between the fair value of the plan's assets and its benefit obligation. This provision is effective for public companies for fiscal years ending after December 15, 2006. In addition, SFAS No. 158 also requires a company to measure its plan assets and benefit obligations as of its year-end balance sheet date. Currently, a company is permitted to choose a measurement date up to three months prior to its year-end to measure plan assets and obligations. This provision is effective for all companies for fiscal years ending after December 15, 2008. The Company does not expect the adoption of this Statement will have a material impact on its financial position, results of operations or cash flows.

8

(10) Pending Acquisition

On November 7, 2006, the Company's Kable Media Services, Inc. subsidiary entered into an agreement to acquire Palm Coast Data, LLC, a company in the fulfillment services industry. The total transaction value is approximately $92 million, subject to working capital and other adjustments. Kable plans to finance the acquisition using a combination of internal funds and borrowings. The closing of the transaction is subject to customary closing conditions and is expected to occur early in calendar 2007.

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"). 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 consolidated financial statements and accompanying notes. All references in this Item 2 to the second quarter or first six months of 2007 and 2006 mean the fiscal three or six month periods ended October 31, 2006 and October 31, 2005, respectively.

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 2006 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, 2006 (the "2006 Form 10-K"). The preparation of those 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 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 2006 consolidated financial statements, and the critical accounting policies and estimates are described in Management's Discussion and Analysis included in Item 7 in the 2006 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 is included in the notes to the 2006 consolidated financial statements. The Company did not adopt an accounting policy in the first six months of fiscal 2007 that had a material impact on its financial condition, liquidity or results of operations.

RESULTS OF OPERATIONS

For the second quarter of fiscal 2007, net income was $16,062,000, or $2.42 per share, compared to net income of $5,056,000, or $0.76 per share, in the second

quarter of the prior fiscal year. For the first six months of fiscal 2007, net income was $31,866,000, or $4.79 per share, compared to net income of $10,420,000, or $1.57 per share, in the same period of fiscal 2006. Results for the second quarter and first six months of 2007 were entirely from continuing operations, whereas the prior year's results included a net gain (loss) from discontinued operations of ($6,000) in the second quarter and $3,556,000, or $0.53 per share, for the six month period. Revenues were $56,055,000 and $114,324,000 in the current year's second quarter and first six months versus $34,847,000 and $64,861,000 in the same periods last year.

Revenues from land sales at the Company's AMREP Southwest subsidiary increased from $11,650,000 in the second quarter of fiscal 2006 to $31,707,000 in fiscal 2007's second quarter. For the six months ended October 31, these revenues increased from $19,059,000 last year to $64,197,000 this year. The substantial revenue increases in both periods of 2007 were primarily due to increased sales of developed and undeveloped residential lots in the Company's principal market of Rio Rancho, New Mexico, as well as from increased sales of land for commercial use. The average gross profit percentage on land sales increased from 54% and 47% in the second quarter and first six months of 2006 to 75% and 70% for the same periods of 2007, primarily reflecting a greater proportion of sales of undeveloped lots in the first quarter and first six months of 2007 versus the same periods last year. Revenues and related gross profits 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 the Company's Kable Media Services subsidiary increased from $22,695,000 in the second quarter of 2006 to $22,913,000 in the same quarter of the current year. For the six months ended October 31, these revenues decreased from $44,850,000 last year to $43,740,000 this year. Revenues from Newsstand Distribution Services operations increased by $763,000 (24%) and $407,000 (6%) for the three and six month periods ended October 31, 2006 compared to the same periods last year, principally from increased distribution volumes of magazines and new business. Revenues from Fulfillment Services operations decreased by $545,000 (3%) and $1,517,000 (4%) in these same three and six month periods of 2007 compared to the similar periods of 2006 primarily due to previously-reported customer losses that occurred in earlier periods but that continue to affect the current year's results. Kable's operating expenses increased by $186,000 (1%) for the second quarter of 2007 and decreased by $157,000 (0.4%) for the first six months of 2007 compared to the same periods of the prior year as a result of the net effect of decreased expenses in the Fulfillment Services business resulting in part from reductions in variable expenses, including payroll and benefits, which were offset in part by an increase in Newsstand Distribution Services operating expenses because of additional costs, principally payroll, associated with the growth of that business.

Interest and other revenues increased by $933,000 and $5,435,000 in the three and six months ended October 31, 2006 compared to the same periods of the prior year primarily as a result of increased interest income on invested cash balances in the current year as well as from the sale in the first quarter of fiscal 2007 of certain of AMREP Southwest's non-inventory real estate assets, including the Company's office building in Rio Rancho, which in the aggregate contributed a pretax gain of $4,107,000.

Real Estate commissions and selling expenses increased by $178,000 and $336,000 in the second quarter and first six months of 2007 compared to the prior year, primarily due to costs incurred in relation to the higher revenues in real estate land sales. Such costs generally vary depending upon the terms of specific sale transactions. Real estate and corporate general and administrative expenses in the second quarter and first six months of 2007 increased by $375,000 and $348,000 over the same prior year periods as a result of an increase in the Company's stock price which is used to value a portion of directors' compensation paid in stock and also due to consulting expenses in the Real Estate segment. General and administrative costs of magazine operations decreased $395,000 and $827,000 in the second quarter and first six months of

2007 compared with the same prior year periods, primarily due to favorable variances in payroll and related benefit costs.

The Company's effective tax rate is estimated to be 37% for the second quarter and first six months of 2007 compared to 30% and 32% for the same periods last year. The lower effective tax rates in 2006 versus 2007 were primarily due to tax benefits associated with charitable contributions of land by the real estate business in 2006.

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 Financing Activities

In September 2006, AMREP Southwest entered into a new revolving credit agreement with a bank with a maximum borrowing capacity of $25,000,000 that matures in 2008 and is used to support real estate development in New Mexico. Borrowings bear interest at the borrower's option at (i) the prime rate less 1%, or (ii) LIBOR plus 1.50% if borrowings are $10 million or above, and plus 1.65% if borrowings are less than $10 million. There were no balances outstanding under this arrangement at October 31, 2006. This credit facility contains a number of restrictive covenants, including one that requires the borrower to maintain a minimum tangible net worth.

The companies within the Media Services operations have a credit arrangement with a bank that matures in 2010 and allows separate revolving credit borrowings of up to $11,000,000 for Fulfillment Services and up to $9,000,000 for Newsstand Distribution Services, in each case based upon a prescribed percentage of the borrower's eligible accounts receivable. This agreement, as amended in May 2006, also provides an additional $10,000,000 revolving facility to a subsidiary of the Distribution Services business that may be used only to pay accounts payable under a magazine distribution agreement with one publisher customer. The individual credit lines are collateralized by substantially all of the respective borrower's assets (consisting principally of accounts receivable and machinery and equipment) and bear interest at the bank's prime rate (8.25% at October 31, 2006) or, at the borrower's option, a reserve adjusted overnight or 30-day LIBOR-based interest rate (5.34% at October 31, 2006) plus, in either case, a margin established quarterly of from 1.75% to 2.50% depending upon the borrower's funded debt-to-EBITDA ratio, as defined. At October 31, 2006, no balances were outstanding under this arrangement, and the full limits of the credit lines were available to be borrowed. The credit arrangement requires the maintenance or achievement of certain financial ratios and contains certain financial covenants, the most significant of which limit the amount of dividends and other payments that may be made by the borrowers to their parent or other affiliates, as well as capital expenditures and other borrowings. An additional $1,392,000 is available under this credit arrangement for capital expenditures.

On July 14, 2006, the Board of Directors declared a special cash dividend of $0.85 per common share payable on August 16, 2006 to shareholders of record at the close of business on July 31, 2006. Previously, the Board had declared special dividends of $0.55, $0.40 and $0.25 per share following the close of AMREP's fiscal years ending April 30, 2005, 2004 and 2003, and had declared an additional special dividend of $3.50 per share in December 2005. The Board has stated it may consider special dividends from time-to-time in the future in light of conditions then existing, including earnings, financial condition, cash position, and capital requirements and other needs. Notwithstanding such statement and the status of such future conditions, no assurance is given that there will be any such future dividends declared or that future dividend declarations, if any, will be similar in amount or frequency with past dividends.

Cash Flows From Operating Activities

Real Estate inventory was $40,583,000 at October 31, 2006 compared to $47,533,000 at April 30, 2006. Inventory in the Company's core real estate market of Rio Rancho was $33,913,000 at October 31, 2006 and $40,981,000 at April 30, 2006. The balance of inventory consisted of properties in Colorado.

Real Estate receivables increased from $14,592,000 at April 30, 2006 to $16,574,000 at October 31, 2006 resulting from the net effect of mortgages issued in connection with real estate sales that closed during the first six months of 2007 offset in part by payments received on previously issued mortgages. Receivables from Media Service operations increased from $37,140,000 at April 30, 2006 to $42,510,000 at October 31, 2006, primarily due to the timing of quarter-end billings and cash collections.

Accounts payable and accrued expenses increased from $39,382,000 at April 30, 2006 to $79,481,000 at October 31, 2006 as a result of an increase in the amounts due publishers under the distribution arrangement referred to above with a new publisher customer of the Newsstand Distribution Services business that commenced in April 2006. This increase in accounts payable was offset by a corresponding increase in cash, since collections for the related magazine distribution to wholesalers under the arrangement had been received by the Company before payment to the publisher was due. In addition, pursuant to an arrangement with one publisher customer of the Newsstand Distribution Services segment that commenced in April 2006, 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 ($33,567,000 and $20,368,000 at October 31, 2006 and April 30, 2006) are netted against the related accounts payable due the publisher on the accompanying consolidated balance sheets.

Deferred revenue relates to consideration received on certain real estate land sales which are accounted for under the percentage of completion method and which will be recognized as revenue as the Company completes land development work for which it remains obligated.

Cash Flows From Investing Activities

On November 7, 2006, Kable entered into an agreement to acquire Palm Coast Data, LLC, a company in the fulfillment services industry. The total transaction value is approximately $92 million, subject to working capital and other adjustments. Kable plans to finance the acquisition using a combination of internal funds and borrowings. The closing of the transaction is subject to customary closing conditions and is expected to occur early in calendar 2007.

Capital expenditures amounted to $3,590,000 and $1,694,000 in the first six months of 2007 and 2006 and were primarily for the acquisition of Real Estate investment property and computer hardware and software development expenditures related to Kable's Fulfillment Services business. The Company believes that it has adequate cash and financing capability to provide for its anticipated future capital expenditures.

The Company is obligated to make future payments under various contracts, including its debt agreements and lease agreements, and it is subject to certain other commitments and contingencies. The table below summarizes significant contractual cash obligations as of October 31, 2006 for the items indicated (in thousands):

Contractual Obligations	Total	Less than 1 year	1 - 3 years	3 - 5 years	M
Notes payable	$ 4,471	$ 1,644	$ 2,388	$ 439	$
Operating leases	23,482	5,515	6,293	4,712	
Total	$ 27,953	$ 7,159	$ 8,681	$ 5,151	$

Refer to Notes 9, 14 and 15 to the consolidated financial statements included in the 2006 Form 10-K for additional information on long-term debt and commitments and contingencies.

Statement of Forward-Looking Information

Certain information included herein and in other Company statements, reports and filings with the Securities and Exchange Commission is forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Refer to Item 7 of the 2006 Form 10-K for a discussion of the assumptions and factors on which these statements are based. Any changes in the actual outcome of these assumptions and factors could produce significantly different results; accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty. AMREP disclaims any intention or obligation to update or revise any 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, 2006, there were no outstanding borrowings under these variable rate arrangements so that, as a result, none of the Company's total debt of $4,471,000 was subject to variable interest rates. Refer to Item 7(A) of the Company's 2006 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.

13

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 2. Unregistered Sales of Equity Securities and Use of Proceeds

Pursuant to the Company's 2002 Non-Employee Directors' Stock Plan, the Company issued an aggregate of 7,500 shares of its Common Stock to its six non-employee directors on September 15, 2006, as partial payment for their services as directors for the six months preceding such issuance. These issuances were not registered under the Securities Act of 1933, as amended, by reason of the exemption provided in Section 4(2) of such Act for transactions by an issuer not involving any public offering.

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

The 2006 Annual Meeting of Shareholders of the Company (the "Meeting") was held on September 20, 2006. At the Meeting, Edward B. Cloues, II and James Wall were reelected directors of the Company by the following votes:

	For	Withheld
Edward B. Cloues, II	5,858,422	388,657
James Wall	5,733,898	513,181

At the Meeting, the shareholders also voted in favor of the following two proposals by the indicated votes:

Proposal	For	Against	Abstain
Approval of an amendment to the Company's Certificate of Incorporation to allow vacancies in the Board of Directors resulting from an increase in the number of directors to be filled by the Board.	5,005,723	547,892	3,712
Approval of the adoption by the Board of Directors of the Company's 2006 Equity Compensation Plan.	5,175,553	375,638	6,136

Item 6. Exhibits

Exhibit No.	Description
3(a)(i)	Certificate of Incorporation, as amended - Incorporated by reference to Exhibi (3)(a)(i) to the Company's Annual Report on Form 10-K for the fiscal year ende 30, 1998.
3(a)(ii)	Certificate of Merger - Incorporated by reference to Exhibit (3)(a)(ii) to the Annual Report on Form 10-K for the fiscal year ended April 30, 1998.

3(a)(iii)	Amended Certificate of Incorporation of the Company filed in Oklahoma on Septe 2006 - Filed herewith.
3(b)	By-Laws of the Company, as amended to September 20, 2006 - Filed herewith.
31.1	Certification required by Rule 13a-14(a) under the Securities Exchange Act of
31.2	Certification required by Rule 13a-14(a) under the Securities Exchange Act of
31.3	Certification required by Rule 13a-14(a) under the Securities Exchange Act of
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: December 14, 2006

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
3(a)(i)	Certificate of Incorporation, as amended - Incorporated by reference to Exhibi (3)(a)(i) to the Company's Annual Report on Form 10-K for the fiscal year ende 30, 1998.
3(a)(ii)	Certificate of Merger - Incorporated by reference to Exhibit (3)(a)(ii) to the Annual Report on Form 10-K for the fiscal year ended April 30, 1998.
3(a)(iii)	Amended Certificate of Incorporation of the Company filed in Oklahoma on Septe 2006 - Filed herewith.
3(b)	By-Laws of the Company, as amended to September 20, 2006 - Filed herewith.
31.1	Certification required by Rule 13a-14(a) under the Securities Exchange Act of Filed herewith.
31.2	Certification required by Rule 13a-14(a) under the Securities Exchange Act of Filed herewith.
31.3	Certification required by Rule 13a-14(a) under the Securities Exchange Act of Filed herewith.
32	Certification required pursuant to 18 U.S.C. Section 1350.