AMREP CORP
Form 10-Q/A
December 12, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A

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

For the quarterly period ended October 31, 2001

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.)
641 Lexington Avenue, Sixth Floor, New York, New York	10022
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (212) 705-4700

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has subject to such filing requirements for the past 90 days.

Yes X No ___________

Number of Shares of Common Stock, par value $.10 per share, outstanding at December 10, 2001 - 6,573,586.

FORM 10-Q
AMREP CORPORATION AND SUBSIDIARIES

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PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

AMREP CORPORATION AND SUBSIDIARIES
Concolidated Balance Sheets
(Thousands, except parvalue and number of shares)

	October 31, 2001 (Unaudited)	April 30, 2001 (Audited)
ASSETS		
Cash and cash equivalents	$ 15,467	$ 15,941
Receivables, net:		
Real estate operations	6,864	7,070
Magazine circulation operations	44,744	37,533
Real estate inventory	61,476	73,347
Property, plant and equipment, at cost, net of accumulated depreciation and amortization of $16,080 at October 31, 2001 and $15,286 at April 30, 2001	14,993	14,314
Other assets	10,150	11,448
Excess of cost of subsidiary over net assets acquired	5,191	5,191
	$ 158,885	$ 164,844

LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 27,049	$ 19,735
Deposits and accrued expenses	8,287	7,591
Notes payable:		
Amounts due within one year	21,902	9,490
Amounts subsequently due	6,238	34,770
	28,140	44,260
Taxes payable	2,572	1,785
Deferred income taxes	1,692	1,692
	67,740	75,063
Commitments and contingencies		
Shareholders' equity:		
Common stock, $.10 par value; shares authorized - 20,000,000; shares issued - 7,399,677 at October 31, 2001 and April 30, 2001	740	740
Capital contributed in excess of par value	44,935	44,935
Retained earnings	51,179	49,815
Treasury stock, at cost; 826,091 shares at October 31, 2001 and April 30, 2001	(5,709)	(5,709)
	91,145	89,781
	$ 158,885	$ 164,844

See notes to consolidated financial statements.

AMREP CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations and Retained Earnings (Unaudited)
Three Months Ended October 31, 2001 and 2000
(Thousands, except per share amounts)

	2001	2000
REVENUES		
Real estate operations:		
Land sales	$ 13,537	$ 3,112
Home and condominium sales	635	507
	14,172	3,619
Magazine circulation operations	13,112	12,740
Interest and other operations	934	1,032
	28,218	17,391

COSTS AND EXPENSES		
Real estate cost of sales:		
Land sales	10,940	1,165
Home and condominium sales	717	1,166
Operating expenses:		
Magazine circulation operations	9,712	9,917
Real estate commissions and selling	452	256
Other operations	621	577
General and administrative:		
Real estate operations and corporate	822	907
Magazine circulation operations	1,630	1,676
Interest, net	442	803
	25,336	16,467
Income before income taxes	2,882	924
PROVISION FOR INCOME TAXES	1,153	370
NET INCOME	1,729	554
RETAINED EARNINGS, beginning of period	49,450	47,045
RETAINED EARNINGS, end of period	$ 51,179	$ 47,599
NET INCOME PER SHARE - BASIC AND DILUTED	$ 0.26	$ 0.08
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	6,574	6,629

See notes to consolidated financial statements.

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AMREP CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations and Retained Earnings (Unaudited)
Six Months Ended October 31, 2001 and 2000
(Thousands, except per share amounts)

	2001	2000
REVENUES		
Real estate operations:		
Land sales	$ 20,803	$ 5,883
Home and condominium sales	635	2,720
	21,438	8,603
Magazine circulation operations	24,710	25,069
Interest and other operations	1,720	1,929
	47,868	35,601
COSTS AND EXPENSES		
Real estate cost of sales:		
Land sales	17,412	2,521

Home and condominium sales	740	3,373
Operating expenses:		
Magazine circulation operations	19,434	20,123
Real estate commissions and selling	602	583
Other operations	1,240	1,126
General and administrative:		
Real estate operations and corporate	1,808	2,157
Magazine circulation operations	3,400	3,529
Interest, net	958	1,621
	45,594	35,033
Income before income taxes	2,274	568
PROVISION FOR INCOME TAXES	910	227
NET INCOME	1,364	341
RETAINED EARNINGS, beginning of period	49,815	47,258
RETAINED EARNINGS, end of period	$ 51,179	$ 47,599
NET INCOME PER SHARE - BASIC AND DILUTED	$ .21	$ .05
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	6,574	6,775

See notes to consolidated financial statements.

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AMREP CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)
Six Months Ended October 31, 2001 and 2000
(Thousands)

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 1,364	$ 341
Adjustments to reconcile net income to net cash provided (used) by operating activities -		
Depreciation and amortization	1,267	1,536
Non-cash credits and charges:		
(Gain) on disposition of fixed assets	-	(192)
Inventory and joint venture valuation adjustments	-	283
Pension benefit accrual	(192)	(369)
Bad debt reserve	324	232
Changes in assets and liabilities -		
Receivables	(7,329)	4,939
Real estate inventory	11,871	(5,176)
Other assets	1,017	265
Accounts payable, deposits and accrued expenses	8,010	(2,313)
Taxes payable	787	840
Total adjustments	15,755	45

Net cash provided by operating activities		17,119		386
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures		(1,473)		(1,251)
Proceeds from assets sold		-		990
Net cash used by investing activities		(1,473)		(261)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from debt financing		12,915		13,125
Principal debt payments		(29,035)		(9,873)
Proceeds from exercise of stock option		-		6
Purchase of treasury stock		-		(4,492)
Net cash used by financing activities		(16,120)		(1,234)
Decrease in cash and cash equivalents		(474)		(1,109)
CASH AND CASH EQUIVALENTS, beginning of period		15,941		12,934
CASH AND CASH EQUIVALENTS, end of period	$	15,467	$	11,825
SUPPLEMENTAL CASH FLOW INFORMATION:				
Interest paid - net of amounts capitalized	$	958	$	1,621
Income taxes paid (refunded)	$	67	$	(771)

See notes to consolidated financial statements.

AMREP CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)
Six Months Ended October 31, 2001 and 2000

(1) BASIS OF PRESENTATION

The accompanying unaudited financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial information. The April 30, 2001 balance sheet amounts have been derived from the April 30, 2001 audited financial statements of the Registrant. Since the accompanying consolidated financial statements do not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements, it is suggested that they be read in conjunction with the audited consolidated financial statements and notes thereto included in the Registrant's 2001 Annual Report on Form 10-K. In the opinion of management, the accompanying unaudited 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 the results to be expected for the full fiscal year.

(2) INFORMATION ABOUT THE COMPANY'S OPERATIONS IN DIFFERENT INDUSTRY SEGMENTS

The following schedules set forth summarized data relative to the industry segments in which the Company operates for the three and six month periods ended October 31, 2001 and 2000. Certain amounts included in "Interest and other operations" on the Consolidated Statements of Operations are classified below within the land operations and homebuilding segments, depending upon the nature of business activity.

THREE MONTHS	Land Operations	Home Building	Distribution	Fulfillment	Corporate and Other
October 2001 (Thousands):					
Revenues	$ 13,852	$ 651	$ 4,191	$ 8,921	$ 603
Expenses(excluding interest)	11,938	813	3,191	8,151	801
Interest expense, net	36	-	312	59	35
Pretax income (loss) contribution	$ 1,878	$ (162)	$ 688	$ 711	$ (233)
October 2000 (Thousands):					
Revenues	$ 3,576	$ 529	$ 3,574	$ 9,166	$ 546
Expenses(excluding interest)	1,954	1,309	3,488	8,105	808
Interest expense, net	81	5	524	151	42
Pretax income (loss) contribution	$ 1,541	$ (785)	$ (438)	$ 910	$ (304)

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SIX MONTHS	Land Operations	Home Building	Distribution	Fulfillment	Corporate and Other
October 2001 (Thousands):					
Revenues	$ 21,361	$ 667	$ 7,758	$ 16,952	$ 1,130
Expenses(excluding interest)	19,260	924	6,474	16,360	1,618
Interest expense, net	81	-	663	142	72

Pretax income (loss) contribution	$ 2,020	$ (257)	$ 621	$ 450	$ (560)
Identifiable assets	$ 70,951	$ 2,890	$ 47,215	$ 17,879	$ 19,950

October 2000 (Thousands):					
Revenues	$ 6,643	$ 2,769	$ 7,407	$ 17,662	$ 1,120
Expenses(excluding interest)	4,078	3,757	7,198	16,454	1,925
Interest expense, net	195	34	1,015	290	87
Pretax income (loss) contribution	$ 2,370	$(1,022)	$ (806)	$ 918	$ (892)
Identifiable assets	$ 82,409	$ 6,010	$ 44,581	$ 16,473	$ 20,598

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AMREP CORPORATION AND SUBSIDIARIES

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

Results of Operations for the Three and Six Months ended October 31, 2001 and 2000

Revenues from real estate operations were $14.2 million and $21.4 million for the fiscal year 2002 three and six month periods ended October 31, 2001, respectively, compared to $3.6 million and $8.6 million in the comparable periods of the prior fiscal year. Substantially all of these revenues in both years were derived from land sales, and increased in the current fiscal year periods primarily due to large land sales in California and Colorado in the first two quarters of the current year which were made as part of the Company's restructuring of its real estate operations, including a program to dispose of all real estate assets in markets outside of New Mexico. Although these land sales generated a substantial amount of cash, the gross profits realized were marginal and, as a result, the average gross profit percentage on all land sales was 19% in the second quarter and 16% in the first six months of the current year compared to 63% and 57% in the comparable periods of the prior year. In Rio Rancho, gross profits on land sales were 48% and 44% in the three and six month periods of fiscal 2002, respectively, compared to 67% and 60% in the same periods last year. This decrease reflected the fact that the current year's activity included proportionately more sales of developed lots from projects that contribute a lower average gross profit than realized in the prior year, which included a larger proportion of undeveloped lots that on average contribute a higher gross profit percentage. Land sale revenues and related gross profits can vary from period to period as a result of the nature and timing of specific transactions, and thus past results are not an indication of amounts that may be expected to occur in future periods. In addition, real estate results were also favorably impacted in the three and six month periods of the current year as the company sold the final homes under development, and costs and expenses from the wind-down of homebuilding activities were less than those incurred in the prior year.

Revenues from magazine circulation operations increased to approximately $13.1 million in the second quarter ended October 31, 2001 from $12.7 million in the same period last year, and for the six months ended October 31, 2001 decreased from $25.1 million last year to $24.7 million this year. Revenues from Newsstand Distribution Services increased approximately $600,000 in this year's second quarter and $400,000 for the six month period compared to last year, partly due to improved magazine sales as well as an increase in the Company's average commission due to a changed mix of sales. Revenues from Fulfillment Services decreased by approximately $200,000 and $700,000 in the three and six month periods of fiscal 2002, respectively, compared to the same period last year due in large part to the loss of sweepstakes processing business for one customer. Magazine circulation operating expenses decreased by approximately $200,000 in the second quarter and $700,000 in the six month period, due in part to payroll-related and other cost reductions, principally in the Newsstand Distribution Services division.

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Real estate commissions and selling expenses increased in both the three and six month periods ended October 31, 2001, but these expenses did not increase proportionately to sales because the sales in California and Colorado discussed above had minimal variable selling costs. Real estate and corporate general and administrative expenses decreased in both the second quarter and six months of this year compared to the same periods last year reflecting the implementation of a cost reduction program and other budgetary controls. General and administrative costs of magazine circulation operations decreased by 3% and 4% for the three and six month periods ended October 31, 2001, respectively, as a result of these measures. Interest expense decreased in both periods due to lowering average borrowings and reduced interest rates.

LIQUIDITY AND CAPITAL RESOURCES

During the past several years, the Company has financed its operations from internally generated funds from home and land sales and magazine circulation operations, and from borrowings under its various lines-of-credit and construction loan agreements. Most borrowings are made by subsidiaries and guaranteed by the Company.

The Company's Kable News Company subsidiary has a line-of-credit with a group of banks under which, as a result of a modification of the agreement entered into in June 2001, the commitment amount was reduced to $25.6 million as of October 31, 2001, at which time $20.1 million was outstanding. This line bears interest at the prime rate plus 1% and matures on May 1, 2002. In accordance with the June 2001 modification, the commitment amount will be further reduced to $23.5 million at December 31, 2001.

Kable's current lenders have advised Kable that they do not intend to renew their lending commitments beyond May 1, 2002, and the Company and Kable have therefore initiated discussions with other potential lenders. Expressions of interest have been received from several of these sources, but no agreements have been reached at this time and there are no assurances that Kable will be able to find replacement lenders or renegotiate or extend the terms of the current credit agreement beyond May 1, 2002, however, management believes that

Kable will be able to replace this line of credit before May 1, 2002.

The other line-of-credit borrowings are used principally to support real estate development in New Mexico. These loans are collateralized by certain real estate assets and are subject to available collateral and various financial performance and other covenants. At October 31, 2001, the maximum available under real estate lines-of-credit was $9.3 million, of which $4.8 million of borrowings were outstanding.

During the past several years, the Company has restructured its real estate operations by winding-down homebuilding activities and selling a substantial portion of its landholdings in Colorado, and all of its landholdings in California and Oregon. At October 31, 2001, inventories had decreased to $61.5 million compared to $73.3 million at April 30, 2001 principally as a result of sales of property in California and Colorado. In addition, notes payable relating to real estate operations had decreased to $7.4 million October 31,

2001 from $13.2 million at April 30, 2001, principally from the use of proceeds of land sales, and notes payable of magazine circulation operations had decreased to $20.7 million at October 31, 2001 from $31.1 million at April 30, 2001.

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 Annual Report on 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the Company's market risk for the six month period ended October 31, 2000. See Item 7(A) of the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2001 for additional information regarding quantitative and qualitative disclosures about market risk.

PART II

Other Information

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

The 2001 Annual Meeting of Shareholders of the Registrant was convened on

September 20, 2001 and adjourned to October 4, 2001.

At the adjourned meeting, Lonnie A. Coombs and Samuel N. Seidman were reelected directors of the Registrant by the following votes:

	For	Withheld
Lonnie A. Coombs	6,008,789	13,217
Samuel N. Seidman	6,008,269	13,737

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:

4(a) Sixth Modification Agreement dated as of September 28, 2001, to the Loan Agreement dated as of September 15, 1998 between Kable News Company, Inc. and American National Bank and Trust Company of Chicago, as Agent and the Lenders, as defined therein.

(b) Reports on Form 8-K

No reports on Form 8-K were filed by Registrant during the quarter ended October 31, 2001.

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FORM 10-Q

AMREP CORPORATION AND SUBSIDIARIES

SIGNATURES

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

AMREP CORPORATION
(Registrant)

Dated: December 11, 2001

By: /s/ Peter M. Pizza

Peter M. Pizza Vice President

and Chief Financial Officer
(Principal Financial and
Accounting Officer)

AMREP CORPORATION ANDSUBSIDIARIES

EXHIBIT INDEX

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