

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 30, 2006

REX STORES CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	001-09097	31-1095548
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identification No.)

2875 Needmore Road, Dayton, Ohio	45414
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (937) 276-3931

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On August 30, 2006, REX Stores Corporation issued a press release announcing financial results and comparable store sales for the three month and six month periods ended July 31, 2006. The press release is furnished as Exhibit 99 to this report.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits. The following exhibits are furnished with this report:

99 Press Release dated August 30, 2006

SIGNATURES

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 hereunto duly authorized.

REX STORES CORPORATION

Date: August 30, 2006

By: /s/ DOUGLAS L. BRUGGEMAN

Name: Douglas L. Bruggeman
Title: Vice President-Finance,
Chief Financial Officer and
Treasurer

[REX STORES LOGO]

News Announcement

For Immediate Release

For further information contact:

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REX STORES REPORTS FISCAL SECOND QUARTER
DILUTED EARNINGS PER SHARE OF \$0.13

Dayton, Ohio (August 30, 2006) -- REX Stores Corporation (NYSE:RSC) today announced financial results and comparable store sales for the three- and six-month periods ended July 31, 2006 (the Company's 2006 fiscal year).

Net sales in the fiscal 2006 second quarter were \$82.1 million compared with \$82.5 million in the fiscal 2005 second quarter. Comparable store sales for the three months ended July 31, 2006 rose 3.5%. The Company reports sales performance quarterly and considers a store to be comparable after it has been open six full fiscal quarters. Comparable store sales figures do not include sales of extended service contracts.

For the quarter ended July 31, 2006, income from synthetic fuel limited partnership investments was \$0.7 million compared with \$10.4 million in the comparable year-ago period. In the fiscal 2006 second quarter, Progress Energy (NYSE:PGN), the purchaser of the Company's partnership interest in the Colona synthetic fuel investments, ceased production at its synthetic fuel facilities as higher oil prices increased the likelihood that Section 29/45K tax credits would be reduced or phased out in 2006. Reflecting this announcement, the Company does not expect future income from the sale of its synthetic fuel interests to be comparable with the levels recorded in fiscal 2005. This could change, should operations resume at plants that have ceased production or should certain plants continue production.

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During the fiscal 2006 second quarter, REX recorded a \$1.7 million pre-tax gain from the sale of real estate. Net income in the three months ended July 31, 2006 was \$1.5 million, or \$0.13 per diluted share, compared to net income of \$8.7 million, or \$0.70 per diluted share, in the three months ended July 31, 2005. Per share results are based on 11,575,000 and 12,437,000 diluted weighted average shares outstanding for the three-month periods ended July 31, 2006 and 2005, respectively.

Net income in the six-month period ended July 31, 2006 was \$3.0 million, or \$0.26 per diluted share, compared with net income of \$14.8 million, or \$1.18 per diluted share, in the six-month period ended July 31, 2005. Per share results are based on 11,607,000 and 12,602,000 diluted weighted average shares outstanding for the six-month periods ended July 31, 2006 and July 31, 2005. Net sales in the 2006 six-month period were \$167.8 million compared to \$169.9 million in the six months ended July 31, 2005. Comparable store sales in the first six months of fiscal 2006 rose 2.0% compared to the same year-ago period.

As previously announced, REX recently entered into a contingent agreement to invest an additional \$11.5 million to \$18.0 million in Levelland/Hockley County Ethanol, LLC ("Levelland/Hockley") which plans to commence construction of a 40 million gallon ethanol production facility in Levelland, Texas by November 1, 2006. The additional investment, along with Rex's previously announced \$5 million convertible secured promissory note commitment enables REX to secure a majority ownership interest in Levelland/Hockley. In addition to Levelland/Hockley, REX has entered into contingent agreements to invest in three other ethanol plants with annual production capacity of 100 million gallons each, with one of the plants presently under construction. The four investment commitments to date could lead to REX investing over \$80 million in ethanol production facilities.

The Company will host a conference call and webcast today at 11:00 a.m. EDT, which are open to the general public. The conference call dial-in number is 212/346-6521; please call ten minutes in advance to ensure that you are connected prior to the presentation. Interested parties may also access the call live via the Investor Relations page of the Company's website, www.rextv.com, or at www.fulldisclosure.com; please allow 15 minutes to register, download and install any necessary software.

Following its completion, a telephonic replay of the call can be accessed through 12:30 p.m. EDT on September 6, 2006 by dialing 800/633-8284 or 402/977-9140 (international callers). The access code for the audio replay is 21301839. Alternatively, a replay will be available on the Internet for 30 days at www.rextv.com or www.earnings.com.

REX Stores Corporation is a leading specialty retailer of consumer electronic products and appliances. As of July 31, 2006, the Company operated 210 retail stores in 36 states under the trade name "REX." Over the past eight years, REX has also been active in several synthetic fuel investments, and the Company currently has agreements to invest in four proposed ethanol producing plants.

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This news announcement contains or may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements can be identified by use of forward-looking terminology such as "may," "expect," "believe," "estimate," "anticipate" or "continue" or the negative thereof or other variations thereon or comparable terminology. Readers are cautioned that there are risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward-looking statements. These risks and uncertainties include the risk factors set forth from time to time in the Company's filings with the Securities and Exchange Commission and among other things: the highly competitive nature of the consumer electronics retailing industry, changes in the national or regional economies, weather, the effects of terrorism or acts of war on consumer spending patterns, the availability of certain products, technological changes, changes in real estate market conditions, new regulatory restrictions or tax law changes relating to the Company's synthetic fuel investments, the fluctuating amount of quarterly payments received by the Company with respect to sales of its partnership interest in a synthetic fuel investment, the potential for Section 29/45K tax credits to phase out based on the price of crude oil adjusted for inflation, and the uncertain amount of synthetic fuel production and resulting income received from time to time from the Company's synthetic fuel investments. As it relates to ethanol investments, risks and uncertainties include among other things: the uncertainty of constructing plants on time and on budget and the price volatility of corn, dried distiller grains, ethanol, gasoline and natural gas.

-tables follow-

REX STORES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended July 31		Six Months Ended July 31		
	2006	2005	2006	2005	
	----	----	----	----	
NET SALES	\$ 82,113	\$ 82,515	\$ 167,802	\$ 169,939	
COSTS AND EXPENSES:					
Cost of merchandise sold		59,543	57,968	121,241	121,311
	-----	-----	-----	-----	
Gross profit	22,570	24,547	46,561	48,628	
Selling, general and administrative expenses		22,361	23,730	45,554	46,037
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Operating income	209	817	1,007	2,591	
INVESTMENT INCOME		287	58	579	132
INTEREST EXPENSE		(497)	(695)	(999)	(1,294)
GAIN ON SALE OF REAL ESTATE		1,735	-	1,735	-
INCOME FROM SYNTHETIC FUEL INVESTMENTS			722	10,398	2,785
	---	-----	-----	-----	16,380
Income from continuing operations before provision for income taxes and discontinued operations		2,456	10,578	5,107	17,809
PROVISION FOR INCOME TAXES		892	1,652	1,892	2,746
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Income from continuing operations		1,564	8,926	3,215	15,063
Loss from discontinued operations, net of tax		(67)	(205)	(229)	(367)
Gain on disposal of discontinued operations, net of tax		-	-	-	125
	-----	-----	-----	-----	
Net Income	\$1,497	\$8,721	\$2,986	\$14,821	
	=====	=====	=====	=====	
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC		10,323	10,871	10,235	11,011
	=====	=====	=====	=====	
Basic income per share from continuing operations		\$0.15	\$0.82	\$0.31	\$1.37
Basic loss per share from discontinued operations		-	(0.02)	(0.02)	(0.03)
Basic income per share on disposal of discontinued operations		-	-	-	0.01
	-----	-----	-----	-----	
BASIC NET INCOME PER SHARE		\$0.15	\$0.80	\$0.29	\$1.35
	=====	=====	=====	=====	
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED		11,575	12,437	11,607	12,602
	=====	=====	=====	=====	
Diluted income per share from continuing operations		\$0.13	\$0.72	\$0.28	\$1.20
Diluted loss per share from discontinued operations		-	(0.02)	(0.02)	(0.03)
Diluted income per share on disposal of discontinued operations		-	-	-	0.01
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DILUTED NET INCOME PER SHARE		\$0.13	\$0.70	\$0.26	\$1.18
	=====	=====	=====	=====	

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REX STORES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	July 31, 2006	January 31, 2006	July 31, 2005	
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ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 5,481	\$ 20,096	\$ 1,744	
Accounts receivable, net	4,149	3,457	3,458	
Synthetic fuel receivable	3,171	1,680	786	
Note receivable	5,595	--	--	
Merchandise inventory	123,349	97,371	133,759	
Prepaid expenses and other	2,226	2,052	2,807	
Future income tax benefits	9,354	9,361	10,929	
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Total current assets	153,325	134,017	153,483	
PROPERTY AND EQUIPMENT, NET		121,994	125,245	128,700
ASSETS HELD FOR SALE		2,822	1,497	1,669
OTHER ASSETS	707	760	915	
FUTURE INCOME TAX BENEFITS		29,228	30,031	27,978
RESTRICTED INVESTMENTS		2,367	2,318	2,290
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Total assets	\$ 310,443	\$ 293,868	\$ 315,035	
	=====	=====	=====	
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Notes payable	\$ --	\$ --	\$ 4,031	
Current portion of long-term debt	2,476	2,389	2,919	
Current portion of deferred income and deferred gain on sale and leaseback	11,425	10,883	9,920	
Accounts payable, trade	31,557	19,129	35,599	
Accrued income taxes	597	541	--	
Accrued payroll and related items	4,230	7,183	5,093	
Other current liabilities	6,469	5,863	6,623	
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Total current liabilities	56,754	45,988	64,185	
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LONG-TERM LIABILITIES:				
Long-term mortgage debt	20,117	21,462	28,490	
Deferred income	12,812	12,213	11,387	
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Total long-term liabilities	32,929	33,675	39,877	
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SHAREHOLDERS' EQUITY:				
Common stock	295	294	293	
Paid-in capital	138,238	135,775	135,496	
Retained earnings	243,884	240,898	227,450	
Treasury stock	(161,657)	(162,762)	(152,266)	
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Total shareholders' equity	220,760	214,205	210,973	
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Total liabilities and shareholders' equity	\$ 310,443	\$ 293,868	\$ 315,035	
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