FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the quarterly period ending April 30, 1996

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 0-13283

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

Delaware	No. 31-1095548
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

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

Registrant's telephone number, including area code 513-276-3931

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, and (2) has been subject to such filing requirements for at least the past 90 days. Yes (X) No ( )

At the close of business on June 13, 1996, the registrant had 9,051,031 shares of Common Stock, par value $.01 per share, outstanding.

REX STORES CORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

REX STORES CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

A S S E T S

	April 30 1996	January 31 1996	April 30 1995
	(In Thousands)		
ASSETS:			
Cash and cash equivalents	$ 1,931	$ 685	$ 4,008
Short-term investments	1,565	1,525	1,555
Accounts receivable, net	408	1,604	495
Merchandise inventory	164,920	146,566	131,284
Prepaid expenses and other	1,997	1,825	1,722
Future income tax benefits	3,818	3,818	2,860
Total current assets	174,639	156,023	141,924
PROPERTY AND EQUIPMENT, NET	71,316	70,307	50,931
FUTURE INCOME TAX BENEFITS	8,269	8,269	7,619
Total assets	$ 254,224	$ 234,599	$ 200,474

LIABILITIES AND SHAREHOLDERS' EQUITY

	April 30 1996	January 31 1996	April 30 1995
CURRENT LIABILITIES:			
Notes payable	$ 27,150	$ 9,327	$ 2,956
Current portion of long-term debt	2,058	2,050	1,687
Current portion, deferred income and deferred gain on sale and leaseback	9,570	9,083	7,670
Accounts payable, trade	44,327	39,525	42,931
Accrued income taxes	789	4,121	504
Accrued payroll	4,696	6,570	4,446
Other liabilities	5,521	5,331	4,758
Total current liabilities	94,111	76,007	64,952

Liabilities and Shareholders' Equity (Continued)

LONG-TERM LIABILITIES:			
Long-term debt	32,090	32,590	25,129
Deferred income	16,835	16,506	13,857
Deferred gain on sale and leaseback	6,914	7,150	7,678
Total long-term liabilities	55,839	56,246	46,664
SHAREHOLDERS' EQUITY:			
Common stock	96	95	95
Paid-in capital	56,903	56,732	56,243
Retained earnings	51,157	49,401	36,402
Treasury stock	(3,882)	(3,882)	(3,882)
Total shareholders' equity	104,274	102,346	88,858
Total liabilities and shareholders' equity	$ 254,224	$ 234,599	$ 200,474

[FN]

The accompanying notes are an integral part of these unaudited consolidated statements.

REX STORES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended April 30 1996	1995
	(In Thousands, Except Per Share Amounts)	
NET SALES	$ 97,384	$ 87,427
COSTS AND EXPENSES:		
Cost of merchandise sold	72,503	65,602
Selling, general and administrative expenses	20,798	18,642
Total costs and expenses	93,301	84,244
INCOME FROM OPERATIONS	4,083	3,183
INVESTMENT INCOME	22	109
INTEREST EXPENSE	1,203	691
Income before provision for income taxes	2,902	2,601
PROVISION FOR INCOME TAXES	1,146	1,027
NET INCOME	$ 1,756	$ 1,574
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	9,389	9,429
NET INCOME PER SHARE	$ 0.19	$ 0.17

[FN]

The accompanying notes are an integral part of these unaudited consolidated statements.

REX STORES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

In Thousands

	Common Shares					
	Issued		Treasury			
	Shares	Amount	Shares	Amount	Paid-in Capital	Retained Earnings
Balance at April 30, 1995	9,457	$ 95	534	$3,882	$56,243	$36,402
Common stock issued	64	-	-	-	489	-
Net income	-	-	-	-	-	12,999
Balance at January 31, 1996	9,521	$ 95	534	$3,882	$56,732	$49,401
Common stock issued	47	1	-	-	171	-
Net income	-	-	-	-	-	1,756
Balance at April 30, 1996	9,568	$ 96	534	$3,882	$56,903	$51,157

[FN]

The accompanying notes are an integral part of these unaudited consolidated statements.

REX STORES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended April 30 1996	1995
	(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,756	$ 1,574
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, net	717	502
Deferred income	683	579
Accounts receivable	1,196	582
Merchandise inventory	(18,354)	(15,937)
Other current assets	(173)	(254)
Accounts payable, trade	4,802	9,636
Other liabilities	(5,016)	(4,216)
NET CASH USED IN OPERATING ACTIVITIES	(14,389)	(7,534)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Short-term investments	(40)	-
Capital expenditures	(1,830)	(1,508)
Capital disposals	2	-
NET CASH USED IN INVESTING ACTIVITIES	(1,868)	(1,508)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in note payable	17,823	2,956
Payments of long-term debt	(492)	(459)
Common stock issued	172	154
Treasury stock acquired	-	(2,264)
NET CASH PROVIDED BY FINANCING ACTIVITIES	17,503	387
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,246	(8,655)
CASH AND CASH EQUIVALENTS, beginning of period	685	12,663
CASH AND CASH EQUIVALENTS, end of period	$ 1,931	$ 4,008

[FN]

The accompanying notes are an integral part of these unaudited consolidated statements.

REX STORES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 1996

Note 1. Consolidated Financial Statements

The consolidated financial statements included in this report have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission and include, in the opinion of management, all adjustments necessary to state fairly the information set forth therein. Any such adjustments were of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these unaudited consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended January 31, 1996.

Note 2. Accounting Policies

The interim consolidated financial statements have been prepared in accordance with the accounting policies described in the notes to the consolidated financial statements included in the Company's 1996 Annual Report on Form 10-K. While management believes that the procedures followed in the preparation of interim financial information are reasonable, the accuracy of some estimated amounts is dependent upon facts that will exist or calculations that will be accomplished at fiscal year end. Examples of such estimates include changes in the LIFO reserve (based upon the Company's best estimate of inflation to date) and management bonuses. Any adjustments pursuant to such estimates during the quarter were of a normal recurring nature.

Note 3. Equivalent Shares Outstanding

The Company follows the treasury method of calculating common equivalent shares outstanding. The following summarizes options granted, exercised and cancelled or expired at April 30, 1996:

	Shares Under Stock Option Plans
Outstanding at January 31, 1996 ($3.25 to $18.975 per share)	2,068,558
Exercised ($3.25 to $13.00 per share)	(46,969)
Cancelled or expired	(3,000)
Outstanding at April 30, 1996 ($3.25 to $18.975 per share)	2,018,589

Note 4. Subsequent Events

On June 10, 1996, the Company received $8.5 million in mortgage financing at an interest rate of 8.69%. The funds were used to pay down outstanding borrowings on the revolving line of credit. The mortgages are for a term of ten years, with a balloon payment at the end of the scheduled term. The interest rate is fixed for the first five years.

Note 5. Accounting Change

On February 1, 1996, the Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," which addresses the identification and measurement of asset impairments and requires the recognition of impairment losses on long-lived assets when carrying values exceed expected future cash flows. The application of this accounting standard did not have a material impact on the Company's financial position or result of operations.

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

The Company is a leader in the consumer electronics/appliance retailing industry, operating predominantly in small to medium sized markets in the Midwest and Southeast under the trade name "REX."

Results of Operations

The following table sets forth, for the periods indicated, the relative percentages that certain income and expense items bear to net sales:

	Three Months Ended April 30	
	1996	1995
Net sales	100.0%	100.0%
Cost of merchandise sold	74.4	75.0
Gross profit	25.6	25.0
Selling, general and administrative expense	21.4	21.3
Income from operations	4.2	3.7
Interest, net	1.2	.7
Income before income taxes	3.0	3.0
Provision for income taxes	1.2	1.2
Net income	1.8%	1.8%

Comparison of Three Months Ended April 30, 1996 and 1995

Net sales in the first quarter ended April 30, 1996 were $97.4 million compared to $87.4 million in the prior year's comparable period, representing an increase of $10.0 million or 11.4%. This increase is a result of 32 net additional stores in the current quarter compared to the prior year's first quarter which was partially offset by a decline of 5% in comparable store merchandise sales for the quarter. The Company considers a store to be comparable after it has been open six fiscal quarters.

As of April 30, 1996, the Company had 197 stores compared to 165 stores one year earlier. There were no stores opened and two closed during the first quarter of fiscal 1997. The Company anticipates opening 35 to 40 new stores in fiscal 1997. The Company evaluates the performance of its stores on a continuous basis and, based on an assessment of factors it deems relevant, will close any store which is not adequately contributing to company profitability.

Gross profit of $24.9 million in the first quarter of fiscal 1997 (25.6% of net sales) was 14.0% higher than the $21.8 million gross profit (25.0% of net sales) recorded in the first quarter of fiscal 1996. The improved gross profit margin for the first quarter of fiscal 1997 is primarily the result of lower merchandise cost on certain products due to opportunistic purchasing. Extended service contract revenues, which generally have a higher gross profit margin, were consistent as a percent of net sales.

Selling, general and administrative expenses for the quarter ended April 30, 1996 were $20.8 million (21.4% of net sales), an 11.6% increase over the $18.6 million (21.3% of net sales) for the quarter ended April 30, 1995. The increase in expenses was primarily attributable to higher payroll costs related to the increased number of stores and increased sales, higher advertising costs and general costs associated with more store locations. As a percent of net sales, selling, general and administrative expenses were consistent between periods.

Income from operations was $4.1 million (4.2% of net sales) in the first quarter of fiscal 1997, a 28.3% increase over $3.2 million (3.7% of net sales) for the first quarter of fiscal 1996. This improvement was primarily a result of increased sales volume from new stores and an improved gross profit margin resulting from opportunistic purchasing.

Interest expense increased to $1.2 million in the first quarter of fiscal 1997 from $0.7 million in the first quarter of fiscal 1996. This increase is primarily a result of additional borrowings on the revolving line of credit (average outstanding borrowings of approximately $17.0 million for the first quarter of fiscal 1997 compared to $0.4 million for the first quarter of fiscal 1996) to support higher inventory levels associated with store expansion and opportunistic purchasing and for fixed asset additions. The increase in interest expense is also attributable to additional mortgage debt of approximately $7.3 million (at an average interest rate of approximately 9.1%) since April 30, 1995 associated with more Company owned store locations.

The effective tax rate was approximately 39.5% in the first quarter of fiscal 1997 and 1996.

As a result of the foregoing, net income for the first quarter of fiscal 1997 was $1.8 million, an 11.6% increase over $1.6 million for the first quarter of fiscal 1996.

Liquidity and Capital Resources

Net cash used in operating activities was $14.4 million for the first quarter of fiscal 1997. Operating cash flow was provided by net income of $1.8 million adjusted for non-cash charges of $1.4 million. The primary use of cash was an increase in inventory of $18.4 million primarily due to the addition of seasonal air conditioner inventory. This increase was partially offset by increased accounts payable of $4.8 million. Changes in other working capital items also served to decrease cash by approximately $4.0 million.

At April 30, 1996, working capital was $80.5 million compared to $80.0 million at January 31, 1996. The ratio of current assets to current liabilities was 1.9 to 1 at April 30, 1996, and 2.1 to 1 at January 31, 1996.

The Company had outstanding borrowings of $27.1 million on its revolving line of credit at April 30, 1996 at an average interest rate of 7.7%. At April 30, 1996, the Company had approximately $68.6 million borrowing availability on the revolving line of credit after reduction for the outstanding letter of credit.

During fiscal 1997, the Company plans to open 35 to 40 REX stores with anticipated capital expenditures of approximately $20 to $24 million. Capital expenditures for the first quarter of fiscal 1997 were $1.8 million and were primarily in-process store construction costs. The Company believes it will be able to obtain long-term mortgage financing on a site-by-site basis for Company built or Company purchased store locations.

Accounting Standards

During the first quarter of fiscal 1997, the Company adopted the provisions of SFAS No. 121 "Accounting for the Impairment of

Long-Lived Assets and for Long-Lived Assets to be Disposed Of." The application of this accounting standard did not have a material impact on the Company's financial position or results of operations.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits. The following exhibits are filed with this report:

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(b) Reports on Form 8-K. No reports on Form 8-K were filed during the quarter ended April 30, 1996.

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, thereunto duly authorized.

REX STORES CORPORATION
Registrant

June 14, 1996	Stuart A. Rose Stuart A. Rose Chairman of the Board (Chief Executive Officer)
June 14, 1996	Douglas L. Bruggeman Douglas L. Bruggeman Vice President, Finance and Treasurer (Principal Financial and Chief Accounting Officer)

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REX STORES CORPORATION
1,000
U.S. DOLLARS

3-MOS
JAN-31-1997
FEB-1-1996
APR-30-1996
1
1,931
1,565
810
402
164,920
174,639
80,752
9,436
254,224
94,111
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