

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): May 26, 2006

REX STORES CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	001-09097 (Commission File No.)	31-1095548 (IRS Employer Identification No.)
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2875 Needmore Road, Dayton, Ohio (Address of principal executive offices)	45414 (Zip Code)
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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 May 26, 2006, REX Stores Corporation issued a press release announcing financial results and comparable store sales for the three month period ended April 30, 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 May 26, 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: May 26, 2006

By: /s/ DOUGLAS L. BRUGGEMAN

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

[REX LOGO]

News Announcement

For Immediate Release

For further information contact:

Douglas Bruggeman  
Chief Financial Officer  
937/276-3931

Joseph N. Jaffoni/David Collins  
Jaffoni & Collins Incorporated  
212/835-8500 or rsc@jcir.com

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

Dayton, Ohio (May 26, 2006) -- REX Stores Corporation (NYSE:RSC), a specialty retailer of consumer electronic products and appliances, today announced financial results and comparable store sales for the three month period ended April 30, 2006.

Net sales in the fiscal 2006 first quarter were \$86.1 million compared with \$87.9 million in the fiscal 2005 first quarter. Comparable store sales for the three months ended April 30, 2006 rose 0.5%. 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.

In the three months ended April 30, 2006, the Company incurred \$0.6 million of share-based payment expense pursuant to its adoption on February 1, 2006, of Statement of Financial Accounting Standards, or SFAS, No. 123(R), "Share-Based Payment." The Company incurred no share-based payment expense in the three months ended April 30, 2005. Inclusive of the impact of SFAS, No. 123(R), fiscal 2006 first quarter operating income was \$0.8 million, compared with operating income of \$1.8 million in the quarter ended April 30, 2005.

For the quarter ended April 30, 2006, income from synthetic fuel limited partnership investments was \$2.1 million compared with \$6.0 million in the comparable year-ago period. Income from continuing operations before income taxes in the three months ended April 30, 2006 was \$2.6 million compared with \$7.2 million in the quarter ended April 30, 2005.

Net income in the three months ended April 30, 2006 was \$1.5 million, or \$0.13 per diluted share, compared to net income of \$6.1 million, or \$0.48 per diluted share, in the three months ended April 30,

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2005. Per share results are based on 11,543,000 and 12,771,000 diluted weighted average shares outstanding for the three-month periods ending April 30, 2006 and 2005, respectively.

Subsequent to the end of the quarter, Progress Energy (NYSE:PGN), the purchaser of the Company's partnership interest in the Colona synthetic fuel investments, announced that it had ceased production at its synthetic fuel facilities as higher oil prices have increased the likelihood that Section 29/45K tax credits would be reduced or phased out in 2006. Due to this announcement and similar announcements in the industry, the Company no longer anticipates additional income from the sale of its synthetic fuel interests. This could change, should operations resume at plants that have ceased production or should certain plants continue production.

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 212/676-4913; 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](http://www.rextv.com), or at [www.fulldisclosure.com](http://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 June 2, 2006 by dialing 800/633-8284 or 402/977-9140 (international callers). The access code for the audio replay is 21292814. Alternatively, a replay will be available on the Internet for 30 days at [www.rextv.com](http://www.rextv.com) or [www.fulldisclosure.com](http://www.fulldisclosure.com).

REX Stores Corporation is a leading specialty retailer of consumer electronic products and appliances. As of April 30, 2006, the Company operated 211 retail stores in 36 states under the trade name "REX."

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 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, 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.

-tables follow-

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

	Three Months Ended April 30,	
	2006	2005
	-----	-----
NET SALES AND REVENUE	\$86,125	\$87,934
Cost of sales	62,003	63,709
	-----	-----
Gross profit	24,122	24,225
Selling, general and administrative expenses	23,325	22,447
	-----	-----
OPERATING INCOME	797	1,778
INVESTMENT INCOME	292	74
INTEREST EXPENSE	(502)	(598)
INCOME FROM LIMITED PARTNERSHIPS	2,062	5,983
	-----	-----
Income from continuing operations before provision for income taxes and discontinued operations	2,649	7,237
PROVISION FOR INCOME TAXES	999	1,096
	-----	-----
Income from continuing operations	1,650	6,141
Loss from discontinued operations, net of tax	(161)	(166)
Gain on disposal of discontinued operations, net of tax	-	125
	-----	-----
Net Income	\$ 1,489	\$ 6,100
	=====	=====
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC	10,145	11,156
	=====	=====
Basic income per share from continuing operations	\$0.16	\$0.55
Basic loss per share from discontinued operations	(0.01)	(0.01)
Basic income per share on disposal of discontinued operations	-	.01
	-----	-----
BASIC NET INCOME PER SHARE	\$0.15	\$0.55
	=====	=====
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED	11,543	12,771
	=====	=====
Diluted income per share from continuing operations	\$0.14	\$0.48
Diluted loss per share from discontinued operations	(0.01)	(0.01)
Diluted income per share on disposal of discontinued operations	-	0.01
	-----	-----
DILUTED NET INCOME PER SHARE	\$0.13	\$0.48
	=====	=====

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

	April 30 2006 ----	January 31 2006 ----	April 30 2005 ----
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 15,081	\$ 20,096	\$ 6,221
Escrow deposit	-	-	9,000
Accounts receivable, net	3,642	3,457	3,984
Synthetic fuel receivable	3,021	1,680	964
Merchandise inventory	108,516	97,371	131,547
Prepaid expenses and other	1,955	2,052	672
Future income tax benefits	9,339	9,361	10,929
	-----	-----	-----
Total current assets	141,554	134,017	163,317
PROPERTY AND EQUIPMENT, NET	123,639	125,245	129,330
ASSETS HELD FOR SALE	2,148	1,497	1,669
OTHER ASSETS	735	760	953
FUTURE INCOME TAX BENEFITS	29,671	30,031	27,978
RESTRICTED INVESTMENTS	2,337	2,318	2,277
	-----	-----	-----
Total assets	\$ 300,084 =====	\$ 293,868 =====	\$ 325,524 =====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Current portion of long-term debt	\$ 2,432	\$ 2,389	\$ 2,881
Current portion of deferred income	10,658	10,883	9,886
Accounts payable, trade	25,340	19,129	47,064
Accrued income taxes	606	541	624
Accrued payroll and related items	4,025	7,183	4,264
Other current liabilities	5,784	5,863	5,974
	-----	-----	-----
Total current liabilities	48,845	45,988	70,693
	-----	-----	-----
<b>LONG-TERM LIABILITIES:</b>			
Long-term mortgage debt	20,701	21,462	29,213
Deferred income	12,308	12,213	11,582
	-----	-----	-----
Total long-term liabilities	33,009	33,675	40,795
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<b>SHAREHOLDERS' EQUITY:</b>			
Common stock	295	294	291
Paid-in capital	137,400	135,775	134,338
Retained earnings	242,387	240,898	218,729
Treasury stock	(161,852)	(162,762)	(139,322)
	-----	-----	-----
Total shareholders' equity	218,230	214,205	214,036
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Total liabilities and shareholders' equity	\$300,084 =====	\$ 293,868 =====	\$325,524 =====

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