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, 1995

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 8, 1995, the registrant had 8,925,173 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 1995	January 31 1995	April 30 1994
		(In Thousands)	
ASSETS:			
Cash and cash equivalents	$ 4,008	$ 12,663	$ 9,597
Short-term investments	1,555	1,555	630
Accounts receivable, net	495	1,077	82
Merchandise inventory	131,284	115,347	97,596
Prepaid expenses and other	1,722	1,470	1,597
Prepaid income taxes and future income tax benefits	2,860	2,860	2,563
Total current assets	141,924	134,972	112,065
NET LAND, BUILDINGS AND EQUIPMENT	50,931	50,025	25,687
FUTURE INCOME TAX BENEFIT	7,619	7,619	6,709
Total assets	$ 200,474	$ 192,616	$ 144,461

LIABILITIES AND SHAREHOLDERS' EQUITY

	April 30 1995	January 31 1995	April 30 1994
CURRENT LIABILITIES:			
Notes payable	$ 2,956	$ -	$ -
Current portion of long-term debt	1,687	1,680	607
Accounts payable, trade	42,931	33,295	39,299
Accrued income taxes	504	3,343	-
Current portion, deferred income and gain on sale and leaseback	7,670	7,376	6,658
Accrued payroll and related	4,446	6,082	3,590
Other liabilities	4,758	4,499	4,278
Total current liabilities	64,952	56,275	54,432

Liabilities and Shareholders' Equity (Continued)

LONG-TERM LIABILITIES:			
Long-term debt	25,129	25,595	12,993
Deferred income	13,857	13,573	10,803
Deferred gain on sale and leaseback	7,678	7,779	9,442
Total long-term liabilities	46,664	46,947	33,238
SHAREHOLDERS' EQUITY:			
Common stock	95	94	80
Treasury stock	(3,882)	(1,618)	(1,915)
Paid-in capital	56,243	56,090	35,251
Retained earnings	36,402	34,828	23,375
Total shareholders' equity	88,858	89,394	56,791
Total liabilities and shareholders' equity	$ 200,474	$ 192,616	$ 144,461

[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 1995	1994
	(In Thousands, Except Per Share Amounts)	
NET SALES	$ 87,427	$ 69,134
COSTS AND EXPENSES:		
Cost of merchandise sold	65,602	50,768
Selling, general and administrative expenses	18,642	16,254
Total costs and expenses	84,244	67,022
INCOME FROM OPERATIONS	3,183	2,112
INVESTMENT INCOME	109	101
INTEREST EXPENSE	691	322
Income before income taxes	2,601	1,891
PROVISION FOR INCOME TAXES	1,027	748
NET INCOME	$ 1,574	$ 1,143
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	9,429	8,217
NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE	$ .17	$ .14

[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, 1994	8,039	$ 80	460	$1,915	$35,251	$23,375
Common stock issued	1,381	14	(88)	(297)	20,839	-
Net income	-	-	-	-	-	11,453
Balance at January 31, 1995	9,420	$ 94	372	$1,618	$56,090	$34,828
Common stock issued	37	1	-	-	153	-
Treasury stock acquired	-	-	162	2,264	-	-
Net income	-	-	-	-	-	1,574
Balance at April 30, 1995	9,457	$ 95	534	$3,882	$56,243	$36,402

[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	
	1995	1994
	(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,574	$ 1,143
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	502	331
Deferred income	579	437
Accounts receivable	582	592
Merchandise inventory	(15,937)	(22,634)
Other current assets	(254)	(321)
Accounts payable, trade	9,636	11,275
Other liabilities	(4,216)	(3,014)
NET CASH USED IN OPERATING ACTIVITIES	(7,534)	(12,191)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(1,508)	(913)
NET CASH USED IN INVESTING ACTIVITIES	(1,508)	(913)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Notes payable	2,956	-
Payments of long-term debt	(459)	(137)
Long term debt borrowings	-	2,366
Common stock issued	154	54
Treasury stock acquired	(2,264)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	387	2,283
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,655)	(10,821)
CASH AND CASH EQUIVALENTS, beginning of period	12,663	20,418
CASH AND CASH EQUIVALENTS, end of period	$ 4,008	$ 9,597

[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, 1995

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, 1995.

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 1995 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, 1995:

	Shares Under Stock Option Plans
Outstanding at January 31, 1995 ($3.25 to $18.975 per share)	1,421,574
Exercised ($3.25 to $13.00 per share)	(37,432)
Outstanding at April 30, 1995 ($3.25 to $18.975 per share)	1,384,142

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.

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	
	1995	1994
Net sales	100.0%	100.0%
Cost of merchandise sold	75.0	73.4
Gross profit	25.0	26.6
Selling, general and administrative expense	21.3	23.5
Income from operations	3.7	3.1
Interest, net	.7	.3
Income before income taxes	3.0	2.8
Provision for income taxes	1.2	1.1
Net income	1.8%	1.7%

Comparison of Three Months Ended April 30, 1995 and 1994

Net sales in the first quarter ended April 30, 1995 were $87.4 million compared to $69.1 million in the prior year's comparable period, representing an increase of $18.3 million or 26.5%. This increase is a result of 33 additional stores in the current quarter compared to the prior year's first quarter and an increase in comparable store merchandise sales of 1% for the quarter. The Company considers a store to be comparable after it has been open six fiscal quarters.

As of April 30, 1995, the Company had 165 stores compared to 132 stores one year earlier. There were no stores opened or closed during the first quarter of fiscal 1996 or 1995. The Company anticipates opening 30 to 35 new stores in fiscal 1996. 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 $21.8 million in the first quarter of fiscal 1996 (25.0% of net sales) was 18.8% higher than the $18.4 million gross profit (26.6% of net sales) recorded in the first quarter of fiscal 1995. The decline in gross profit margin percentage is primarily a result of increased competition in certain markets, the introduction of personal computer sales into 34 stores, which have a lower gross profit margin, and a decline in extended service contract revenues as a percentage of net sales, which generally have a higher gross profit margin.

Selling, general and administrative expenses for the quarter ended April 30, 1995 were $18.6 million (21.3% of net sales), a 14.7% increase over the $16.3 million (23.5% of net sales) for the quarter ended April 30, 1994. 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. The reduction of selling, general and administrative expenses from 23.5% in the first quarter of fiscal 1995 to 21.3% in the first quarter of fiscal 1996 was primarily a result of more efficient advertising for existing stores (expense as a percent of sales) and the increase in the number of owned stores compared to leased stores.

Income from operations was $3.2 million (3.7% of net sales) in the first quarter of fiscal 1996, a 50.7% increase over $2.1 million (3.1% of net sales) for the first quarter of fiscal 1995. This improvement was primarily a result of increased sales volume from new stores and lower advertising and occupancy costs relative to sales for the first quarter of fiscal 1996.

Interest expense increased to $691,000 in the first quarter of fiscal 1996 from $322,000 in the first quarter of fiscal 1995. This increase is primarily a result of additional mortgage debt of $13.2 million since April 30, 1994 associated with more Company owned store locations.

The effective tax rate was approximately 39.5% in the first quarter of fiscal 1996 and 1995.

As a result of the foregoing, net income for the first quarter of fiscal 1996 was $1.6 million, a 37.7% increase over $1.1 million for the first quarter of fiscal 1995.

Liquidity and Capital Resources

Net cash used in operating activities was $7.5 million for the first quarter of fiscal 1996. Operating cash flow was provided by net income of $1.6 million adjusted for non-cash charges of $1.1 million. The primary use of cash was an increase in inventory of $15.9 million due to opportunistic buying and the addition of seasonal air conditioning inventory. This increase was partially offset by increased accounts payable of $9.6 million. Changes in other working capital items also served to decrease cash by approximately $3.9 million.

At April 30, 1995, working capital was $77.0 million compared to $78.7 million at January 31, 1995. The ratio of current assets to current liabilities was 2.2 to 1 at April 30, 1995, and 2.4 to 1 at January 31, 1995.

The Company had outstanding borrowings of $3.0 million on its revolving line of credit at April 30, 1995 at an interest rate of 9.0%. At April 30, 1995, the Company had approximately $52.0 million borrowing availability on the revolving line of credit after reduction for outstanding letters of credit.

During fiscal 1996, the Company plans to open 30 to 35 REX stores with anticipated capital expenditures of approximately $16 to $20 million. Capital expenditures for the first quarter of fiscal 1996 were $1.5 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 as stores are completed.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

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

(b) Reports on Form 8-K. No reports on Form 8-K were filed during the quarter ended April 30, 1995.

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 8, 1995	Stuart A. Rose Stuart A. Rose Chairman of the Board (Chief Executive Officer)
June 8, 1995	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-31-1996
FEB-1-1995
APR-30-1995
1
4,008
1,555
1,283
788
131,284
141,924
58,143
7,212
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64,952
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