SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED JANUARY 31, 1998 COMMISSION FILE NO. 0-13283

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

Delaware	31-1095548
(State or other jurisdiction of incorporation or organization)	(I.R.S. 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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.01 par value	New York Stock Exchange

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 been subject to such filing requirements for the past 90 days. Yes [X] No [ ].

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

At the close of business on April 14, 1998 the aggregate market value of the registrant's outstanding Common Stock held by non-affiliates of the registrant (for purposes of this calculation, 1,933,181 shares beneficially owned by directors and executive officers of the registrant were treated as being held by affiliates of the registrant), was $84,100,490.

There were 7,708,322 shares of the registrant's Common Stock outstanding as of April 14, 1998.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of REX Stores Corporation's definitive Proxy Statement for its Annual Meeting of Shareholders on June 4, 1998 are incorporated by reference into Part III of this Form 10-K.

PART I

ITEM 1. BUSINESS

GENERAL

REX Stores Corporation (the "Company") is a leader in the consumer electronics/appliance retailing industry, locating its stores in small to medium sized markets. Since 1980, when its first four stores were acquired, the Company has expanded into a national chain operating 222 stores in 35 states under the trade name "REX." The stores are located predominately in the Midwest and Southeast, with a recent expansion into the western region of the United States through the opening of 16 stores in the Northwest during fiscal 1996, 1997 and 1998. The Company's stores average approximately 10,800 square feet and offer a broad selection of brand name products within selected major product categories including televisions, video and audio equipment and appliances.

The Company's business strategy emphasizes depth of selection within its key product categories. Brand name products are offered at everyday low prices combined with frequent special sales and promotions. The Company concentrates its stores in small and medium sized markets where it believes that by introducing a high volume, low price merchandising concept, it can become a dominant retailer. The Company supports its merchandising strategy with extensive newspaper advertising in each of its local markets and maintains a knowledgeable sales force which focuses on customer service. The Company believes its low price policy, attention to customer satisfaction and deep product selection provide customers with superior value.

The Company's expansion strategy is to continue to open stores in small to medium sized markets. The Company will focus on markets with a newspaper circulation which can efficiently and cost-effectively utilize the Company's print advertising materials and where the Company believes it can become a dominant retailer.

The Company was incorporated in Delaware in 1984 under the name Audio/Video Affiliates, Inc. as a holding company to succeed to the entire ownership of three affiliated corporations, Rex Radio and Television, Inc. ("Rex Radio & TV"), Stereo Town, Inc. ("Stereo Town") and Kelly & Cohen Appliances, Inc. ("Kelly & Cohen"), which were formed in 1980, 1981, and 1983, respectively. Effective August 2, 1993, the Company's name was changed to REX Stores Corporation to enable the investing and consuming public to identify the Company more closely with its retail business. Unless the context otherwise requires, the term "Company" as used in this report refers to REX Stores Corporation and its three operating subsidiaries, and all references in this report to fiscal years are to the Company's fiscal year ended January 31 of each year. The Company's principal offices are located at 2875 Needmore Road, Dayton, Ohio 45414. Its telephone number is (937) 276-3931.

BUSINESS STRATEGY

The Company's objective is to be a dominant consumer electronics and home appliance retailer in each of its markets. The key elements of its business strategy include:

Focus on Small and Medium Sized Markets. The Company concentrates its stores in small and medium sized markets (generally with populations of 30,000 to 300,000) which enables it to operate on a low overhead basis and enhances its ability to become a dominant retailer in an area.

Depth of Product Selection. The Company sells brand name products and emphasizes depth of product selection within its key product categories. The Company offers merchandise at a range of price points in each product category and generally maintains sufficient product stock for immediate delivery to customers.

Everyday Low Prices. The Company offers its products at everyday low prices combined with frequent special sales and promotions. The Company monitors prices at competing stores and adjusts its prices as necessary to meet or beat the competition. The Company guarantees the lowest price on its products through a policy of refunding 125% of the difference between the Company's price and a competitor's price on the same item.

Price/Product Focused Advertising. The Company's advertising stresses the offering of nationally recognized brands at significant savings and emphasizes its low price guarantee. The Company supports its marketing strategy principally with extensive newspaper advertising. The Company also utilizes in-store sales promotions to provide shopping excitement and generate traffic.

Strong Operational Controls. The Company's information systems allow management to monitor its merchandising programs, store operations and expenses. The Company's operational controls provide it with cost efficiencies which reduce overhead while allowing the Company to provide high levels of service.

Value Oriented Sales Format. The Company's knowledgeable sales force is trained to provide professional, courteous service to all customers. The Company believes its low price policy, attention to customer satisfaction and deep product selection provide customers with superior value.

EXPANSION STRATEGY

When deciding whether to enter a new market or open another store in an existing market, the Company evaluates a number of criteria, including: size and growth pattern of the population, sales volume potential, and competition within the market area, including size, strength and merchandising philosophy of former, existing and potential competitors. In choosing specific sites, the Company applies standardized site selection criteria taking into account numerous factors, including: local demographics, real estate occupancy expense based upon ownership and/or leasing, cost of advertising, traffic patterns and overall retail activity.

Stores typically are located on high traffic arteries, adjacent to or in major shopping malls, with adequate and safe lighted parking to support high sales volume.

The Company will either lease or purchase new store sites depending upon opportunities available to it and relative costs. Of the 43 new stores opened in fiscal 1997 and 1998, 20 were leased sites and 23 were Company purchased sites. For leased stores, the Company anticipates per store capital expenditures of approximately $75,000 to $225,000. This amount may increase significantly to the extent the Company is responsible for the remodeling or renovation of the new leased site. The Company anticipates expenditures of approximately $800,000 to $1,200,000 when it purchases real estate, which include the cost of the land purchased, building construction and fixtures. The purchase amount varies depending upon the size and location of the store. Historically, the Company has obtained long-term mortgage financing of approximately 75% of the cost of opening owned stores. Mortgage financing is generally obtained after a store is opened, either on a site by site or multiple store basis. The extent to which the Company will seek mortgage financing for owned stores will be dependent upon mortgage rates, terms and availability. The inventory requirements for new stores are estimated at $350,000 to $500,000 per store depending upon the season and store size. A portion of this inventory is financed through trade credit.

MERCHANDISING

Products

The Company offers a broad selection of brand name consumer electronics and home appliance products at a range of price points. The Company emphasizes depth of product selection within selected key product categories, with the greatest depth in televisions, VCRs, camcorders and audio equipment. The Company sells approximately 1,000 products produced by approximately 55 manufacturers. The Company's product categories include:

TELEVISIONS	VIDEO	AUDIO	APPLIANCES	OTHER
TVS	VCRs	Stereo Systems	Air Conditioners	Personal Computers
TV/VCR	Camcorders	Receivers	Dehumidifiers	Radar Detectors
Combos	Digital Satellite Systems	Compact Disc Players	Microwave Ovens	Tapes
		Turntables	Washers	Stands
		Tape Decks	Dryers	Telephones
		Speakers	Ranges	Binoculars
		Car Stereos	Dishwashers	Fax Machines
		Portable Radios	Refrigerators	Extended Service Contracts
			Freezers	
			Vacuum Cleaners	

The leading brands sold by the Company during fiscal 1998 (in alphabetical order) were General Electric, Hitachi, Hotpoint, JVC, Magnavox, Panasonic, Pioneer, RCA, Sharp, Toshiba, Whirlpool and Zenith.

All REX stores carry a full range of the Company's televisions, video and audio products, microwave ovens and air conditioners and a limited line of home office products, and 215 stores carry major appliances.

The following table shows the approximate percent of net sales for each major product group for the last three fiscal years.

PRODUCT CATEGORY	FISCAL YEAR 1996	1997	1998
Televisions	37%	36%	36%
Video	20	18	19
Audio	17	18	17
Appliances	17	18	20
Other	9	10	8
	100%	100%	100%

Pricing

The Company's policy is to offer its products at everyday low prices combined with frequent special sales and promotions. The Company's retail prices are established by its merchandising department, but each district manager is responsible for monitoring the prices offered by competitors and has authority to adjust prices to meet local market conditions. The Company's commitment to offer guaranteed lowest prices is supported by the Company's guarantee to refund 125% of the difference in price if, within 30 days of purchase, a customer can locate the same item offered by a local competitor at a lower price.

Advertising

The Company uses a "price and item" approach in its advertising, stressing the offering of nationally recognized brands at significant savings. The emphasis of the Company's advertising is its "Guaranteed Lowest Price," which states "Our prices are guaranteed in writing. If you find any other local store stocking and offering to sell for less the identical item in a factory sealed box within 30 days after your REX purchase, we'll refund the difference plus an additional 25% of the difference." Advertisements are concentrated principally in newspapers and preprinted newspaper inserts, which are produced for the Company by an outside advertising agency and are supplemented by television and radio in certain markets. Advertisements are also complemented by in-store signage highlighting special values, including "Value Every Day," "Best Value," and "Top of the Line." The Company's advertising strategy includes preferred customer private mailers, special events such as "Midnight Madness Sales" and coupon sales to provide shopping excitement and generate traffic.

Purchasing

The Company's merchandise purchasing is performed predominantly by three members of senior management. Each individual has responsibility for a specific product category, and two share appliance buying responsibility. Because the Company purchases complete product lines in large volume, the Company believes it is able to obtain quality products at competitive prices and advertising subsidies from vendors to promote the sale of their products. For fiscal 1998, five vendors accounted for approximately 55% of the Company's purchases. The Company

typically does not maintain long-term purchase contracts with vendors and operates principally on an order-by-order basis.

STORE OPERATIONS

Stores

The Company designs its stores to be "destination stores," generating their own traffic, but in the general vicinity of major retail shopping. Currently, approximately 143 stores are located in free-standing buildings, with the balance situated in strip shopping centers and malls. In fiscal 1997 and 1998, 18 of the Company's 20 new leased stores were in mall locations that provide exterior access and signage rights. The Company will select locations for future leased stores based on its evaluation of individual site economic and market conditions.

The Company's stores average approximately 10,800 square feet including storage space, not including the two stores located in the Company's regional distribution centers. Stores typically have, on average, approximately 7,500 square feet of selling space and approximately 3,300 square feet of storage. Stores are open seven days and six nights per week, except for certain holidays.

The following table shows the Company's store locations as of January 31, 1998:

STORE LOCATIONS

Alabama: (11)

Auburn
Daphne
Decatur
Florence
Gadsden
Huntsville
Mobile (2)
Montgomery
Oxford
Tuscaloosa

Arkansas: (1)

Springdale

Colorado: (3)

Grand Junction
Greeley
Pueblo

Florida: (27)

Charlotte Harbor
Crystal River
Ft. Pierce
Gainesville
Hudson
Lake City
Largo
Leesburg
Mary Esther
Melbourne
Merritt Island
Naples
Ocala
Palm Harbor
Panama City
Pensacola (2)
Sarasota
St. Augustine
St. Petersburg
Spring Hill
Stuart
Tallahassee (2)
Titusville
Venice
Vero Beach

Georgia: (9)

Albany
Augusta
Brunswick
Columbus
LaGrange
Macon
Rome
Valdosta
Warner Robins

Idaho: (2)

Idaho Falls
Pocatello

Iowa: (12)

Burlington
Council Bluffs
Des Moines (2)
Dubuque
Ft. Dodge
Marshalltown
Mason City
Ottumwa
Sioux City
Waterloo
West Des Moines

Illinois: (11)

Alton
Bradley
Carbondale
Champaign
Danville
Decatur
Galesburg
Pekin
Peru
Quincy
Sterling

Indiana: (3)

Anderson
Muncie
Richmond

Kansas: (2)

Hutchinson
Lawrence

Kentucky: (3)

Ashland
Hopkinsville
Paducah

Louisiana: (6)

Alexandria
Baton Rouge
Houma
Lake Charles
New Iberia
Opelousas

Maryland: (2)

Cumberland
Hagerstown

Massachusetts: (2)

Hadley
Lanesborough

Michigan: (3)

Adrian
Bay City
Benton Harbor

Minnesota: (1)

Willmar

Missouri: (3)

Jefferson City
Joplin
St. Joseph

Mississippi: (11)

Columbus
Gautier
Greenville
Gulfport
Hattiesburg
Jackson (2)
Meridian
Ridgeland
Tupelo
Vicksburg

Montana: (2)

Butte
Great Falls

Nebraska: (3)

Grand Island
Norfolk
North Platte

New York: (17)

Auburn
Clifton Park
Cortland
Fredonia
Geneva
Horseheads
Kingston
Lakewood
Latham
Lockport
New Hartford
Olean
Plattsburg
Queensbury
Rome
Schenectady
Watertown

North Carolina: (5)

Asheville
Goldsboro
Hendersonville
Rocky Mount
Salisbury

North Dakota: (3)

Bismarck
Grand Forks
Minot

Ohio: (16)

Ashtabula
Beavercreek
Dayton (2)
Defiance
Kettering
Lima
Marion
Miamisburg
Middletown
New Philadelphia
Piqua
Sandusky
St. Clairsville
Springfield
Wooster

Oklahoma: (2)

Enid
Lawton

Pennsylvania: (18)

Altoona
Bloomsburg
Chambersburg
Cranberry
Erie (2)
Greensburg
Hanover
Hazleton
Hermitage
Indiana
Johnstown
Lower Burrell
Meadville
New Castle
Scranton
Wilkes-Barre
York

South Carolina: (9)

Aiken
Anderson
Charleston
Florence
Greenwood
Murrell's Inlet
Orangeburg
Rock Hill
Sumter

South Dakota: (2)

Aberdeen
Rapid City

Tennessee: (6)

Bristol
Chattanooga
Cleveland
Johnson City
Kingsport
Morristown

Texas: (13)

Austin (2)
Brownsville
Denton
Harlingen
Lake Jackson
Longview
Midland
Odessa
San Angelo
Sherman
Temple
Victoria

Virginia: (1)

Danville

Washington: (2)

Union Gap
Wenatchee

West Virginia: (5)

Beckley
Bluefield
Bridgeport
Morgantown
Vienna

Wisconsin: (4)

Fond du Lac
Janesville
Manitowac
Oshkosh

Wyoming: (2)

Casper
Cheyenne

In fiscal 1998, the Company opened eight new stores, with one store each opened in Florida, Illinois, New York, North Dakota, Ohio, Oklahoma, Texas and Washington.

The Company's operations are divided into regional districts, containing from two to 11 stores whose managers report to a district manager. The Company's 38 district managers report to one of four regional vice presidents. Each store is staffed with a full-time manager and assistant manager, commissioned sales personnel and, in higher-traffic stores, seasonal support personnel. Store managers are paid on a commission basis and have the opportunity to earn bonuses based upon their store's sales and gross margins. Sales personnel work on a commission basis, or a combination of commissions and hourly wages.

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. The Company closed 12 and eight stores during fiscal 1997 and 1998, respectively. There were no store closings during fiscal 1996.

Personnel

The Company trains its employees to explain and demonstrate to customers the use and operation of the Company's merchandise and to develop good salesmanship practices. The Company's in-house training program for new employees combines on-the-job training with use of a detailed Company-developed manual entitled "The REX Way." Sales personnel attend in-house training sessions conducted by experienced salespeople or manufacturers' representatives and receive sales, product and other information in meetings with managers.

The Company also has a manager-in-training program that consists of on-the-job training of the assistant manager at the store. The Company's policy is to staff store management positions with personnel promoted from within the Company and to staff new stores with existing managers or assistant managers.

Services

Virtually all of the products sold by the Company carry manufacturers' warranties and, except for its least expensive items, the Company offers extended service contracts to customers usually for an additional charge which typically provide one to five years of extended warranty coverage. The Company offers maintenance and repair services for most of the products which it sells. These services are generally subcontracted to independent repair firms.

The Company's return policy provides that any merchandise may be returned for exchange or refund within seven days of purchase if accompanied by original packaging material.

The Company accepts MasterCard, Visa and Discover. The Company estimates that, during fiscal 1998, approximately 30% of its total sales were made on these credit cards, and

approximately 13% were made on installment credit contracts arranged through banks or independent finance companies which bear the credit risk of these contracts.

Distribution

The Company's stores are supplied by regional distribution centers which consist of a 315,000 square foot leased facility in Dayton, Ohio and a 180,000 square foot owned facility in Pensacola, Florida, of which the Company leases 90,000 square feet to an outside company. The Company also leases a 67,000 square foot auxiliary warehouse in Pensacola, Florida. The Company purchased land and during fiscal 1998 built a 145,000 square foot distribution center in Cheyenne, Wyoming at a total cost of approximately $2.6 million. The Cheyenne distribution center began operations in March 1998.

The regional distribution centers reduce inventory requirements at individual stores, while preserving the benefits of volume purchasing and facilitating centralized inventory and accounting controls. Virtually all of the Company's merchandise is distributed through its distribution centers, with the exception of major appliances which are often shipped directly by the vendor to the retail location. All deliveries to stores are made by independent contract carriers.

Management Information Systems

The Company has developed a computerized management information system which operates an internally developed software package. The Company's computer system provides management with the information necessary to manage inventory by stock keeping unit ("SKU"), monitor sales and store activity on a daily basis, capture marketing and customer information, track productivity by salesperson and control the Company's accounting operations.

The host computer is integrated with the Company's point-of-sale system which serves as the collection mechanism for all sales activity. The combined system provides for next-day review of inventory levels, sales by store and by SKU and commissions earned, assists in cash management and enables management to track merchandise from receipt at the distribution center until time of sale.

As is the case with most business organizations, the Company utilizes software and related technology that are date sensitive and may be affected by the date change which will occur in the year 2000. Reference should be made to Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion of the Year 2000 issue.

COMPETITION

The Company's business is characterized by substantial competition. The Company's competitors include other specialty electronics retailers, department stores, discount stores,

furniture stores, warehouse clubs and catalog showrooms. Some of these competitors have greater financial and other resources than the Company. Competition within the Company's industry is based upon price, breadth of product selection, product quality and customer service.

FACILITIES

One hundred and five of the Company's stores are located in buildings owned by the Company, including two strip shopping centers in Austin, Texas of 60,000 and 40,000 square feet. The Company uses approximately 10,000 square feet in each shopping center for a store and leases the remainder. The Company also owns a 38,000 square foot shopping center in College Station, Texas in which it does not operate a retail store. The strip shopping centers are professionally managed by local real estate management firms.

The remaining 117 stores operate on leased premises, with the unexpired terms of the leases ranging from one year to 27 years, inclusive of options to renew, except for three month to month leases. For fiscal 1998, the total net rent expense for the Company's leased facilities was approximately $6,797,000.

To date, the Company has not experienced difficulty in securing leases or purchasing sites for suitable locations for its stores. The Company continues to remodel and upgrade existing stores as appropriate. In addition, to minimize construction costs, the Company has developed prototype formats for new store construction.

EMPLOYEES

At January 31, 1998, the Company had 146 hourly and salaried employees and 878 sales employees. The Company also employs additional personnel during peak selling seasons. None of the Company's employees are represented by a labor union. The Company considers its relationship with its employees to be satisfactory.

SERVICE MARKS

The Company has registered its rights in its service mark "REX" with the United States Patent and Trademark Office. The Company is not aware of any adverse claims concerning its service mark.

ITEM 2. PROPERTIES

The information required by this Item 2 is set forth in Item 1 of this report under "Store Operations--Stores," "Store Operations--Distribution" and "Facilities" and is incorporated herein by reference.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings incidental to the conduct of its business. The Company believes that these proceedings will not have a material adverse effect on the financial condition or operations of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE COMPANY

Set forth below is certain information about each of the Company's executive officers.

NAME	AGE	POSITION(S)
Stuart Rose......................	43	Chairman of the Board and Chief Executive Officer*
Lawrence Tomchin	70	President and Chief Operating Officer*
Douglas Bruggeman	37	Vice President-Finance and Treasurer
Edward Kress	48	Secretary*

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*Also serves as a director of the Company.

Stuart Rose has been the Chairman of the Board and Chief Executive Officer of the Company since its incorporation in 1984 as a holding company to succeed to the ownership of Rex Radio & TV, Kelly & Cohen and Stereo Town. Prior to 1984, Mr. Rose was Chairman of the Board and Chief Executive Officer of Rex Radio & TV, which he founded in 1980 to acquire the stock of a corporation which operated four retail stores.

Lawrence Tomchin has been the President and Chief Operating Officer of the Company since 1990. From 1984 to 1990, he was the Executive Vice President and Chief Operating Officer of the Company. Mr. Tomchin has been a director of the Company since 1984. Mr. Tomchin was Vice President and General Manager of the corporation which was acquired by Rex Radio & TV in 1980 and served as Executive Vice President of Rex Radio & TV after the acquisition.

Douglas Bruggeman has been Vice President - Finance and Treasurer of the Company since 1989. From 1987 to 1989, Mr. Bruggeman was the Manager of Corporate Accounting for the Company. Mr. Bruggeman was employed with the accounting firm of Ernst & Young prior to joining the Company in 1986.

Edward Kress has been the Secretary of the Company since 1984 and a director of the Company since 1985. Mr. Kress has been a partner of the law firm of Chernesky, Heyman & Kress P.L.L., counsel for the Company, since 1988. From 1985 to 1988, Mr. Kress was a member of the law firm of Smith & Schnacke. Mr. Kress has practiced law in Dayton, Ohio since 1974.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

SHAREHOLDER INFORMATION

Common Share Information and Quarterly Share Prices

The Company's Common Stock is traded on the New York Stock Exchange under the symbol RSC.

Fiscal Quarter Ended	High	Low
April 30, 1996	$15.88	$15.50
July 31, 1996	12.88	12.50
October 31, 1996	9.75	9.50
January 31, 1997	8.88	8.13
APRIL 30, 1997	$10.13	$ 8.13
JULY 31, 1997	10.75	8.88
OCTOBER 31, 1997	12.00	9.50
JANUARY 31, 1998	12.38	9.63

As of April 14, 1998, there were 296 holders of record of the Company's Common Stock, including shares held in nominee or street name by brokers.

Dividend Policy

The Company's revolving credit agreement places restrictions on the payment of dividends. The Company did not pay dividends in the current or prior years.

ITEM 6. SELECTED FINANCIAL DATA

Five Year Financial Summary

(In Thousands, Except Per Share Amounts) (A)	January 31, 1998	1997	1996	1995	1994
Net sales	$411,005	$427,378	$442,217	$382,775	$298,171
Net income	$ 7,412	$ 7,362	$ 14,573	$ 12,596	$ 8,632
Basic net income per share	$ 0.94	$ 0.82	$ 1.62	$ 1.48	$ 1.21
Diluted net income per share	$ 0.91	$ 0.80	$ 1.56	$ 1.40	$ 1.10
Total assets	$260,530	$248,034	$234,599	$192,616	$132,319
Long-term debt, net of current maturities	$ 52,661	$ 51,102	$ 32,590	$ 25,595	$ 10,879

(A) Per share amounts for the years ended January 31, 1994 through January 31, 1997 have been restated to conform with the requirements of SFAS No. 128 "Earnings per Share".

Quarterly Financial Data (Unaudited)

	Quarters Ended (A) (In Thousands Except Per Share Amounts)			
	April 30, 1997	July 31, 1997	October 31, 1997	January 31, 1998
Net sales	$ 88,265	$ 89,899	$ 87,967	$144,874
Cost of merchandise sold	63,870	64,051	63,475	106,361
Net income	797	1,359	383	4,873
Basic net income per share	$ 0.10	$ 0.17	$ 0.05	$ 0.62
Diluted net income per share	$ 0.10	$ 0.17	$ 0.05	$ 0.60

	Quarters Ended (A) (In Thousands Except Per Share Amounts)			
	April 30, 1996	July 31, 1996	October 31, 1996	January 31, 1997
Net sales	$ 97,383	$ 95,653	$ 90,543	$143,799
Cost of merchandise sold	72,503	70,931	67,990	106,343
Net income	1,756	1,475	252	3,879
Basic net income per share	$ 0.19	$ 0.15	$ 0.03	$ 0.45
Diluted net income per share	$ 0.18	$ 0.15	$ 0.03	$ 0.44

(A) Per share amounts for quarters ended prior to January 31, 1998 have been restated to conform with the requirements of SFAS No. 128 "Earnings per Share."

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

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." Since acquiring its first four stores in 1980, the Company has expanded into a national chain operating 222 stores in 35 states. During fiscal 1996, 1997 and 1998, the Company expanded into the western region of the United States by opening sixteen stores in seven northwestern states.

The Company has focused on maintaining strict cost controls, offering customers a broad selection of merchandise at "everyday low prices" and expansion within small to medium sized markets where its low cost structure and operating strategy enhance its ability to become a dominant retailer.

During fiscal 1998, 1997 and 1996, the Company opened eight, 35 and 34 stores, respectively. The Company closed eight stores in fiscal 1998 and twelve stores in fiscal 1997. No stores were closed in fiscal 1996. Comparable store sales declined 10.5%, 17.5% and 5.4% in fiscal 1998, 1997 and 1996, respectively. The decrease in comparable store sales reflects an industry wide decline in consumer demand for electronics and an intensely competitive retail environment. The Company considers a store to be comparable after it has been open six full fiscal quarters. Comparable store sales comparisons do not include sales of extended service contracts.

EXTENDED SERVICE CONTRACTS

The Company's extended service contract revenues, net of sales commissions, are deferred and amortized on a straight-line basis over the life of the contracts after the expiration of applicable manufacturers' warranty periods. Terms of coverage, including the manufacturers' warranty periods, are usually for periods of 12 to 60 months. Extended service contract revenues represented 3.5%, 2.9% and 2.4% of net sales for fiscal 1998, 1997 and 1996, respectively. Service contract costs are charged to operations as incurred. Gross profit realized from extended service contract revenues was $11.0 million, $9.6 million and $8.3 million in fiscal 1998, 1997 and 1996, respectively.

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:

	Fiscal Year Ended January 31,		
	1998	1997	1996
Net sales	100.0%	100.0%	100.0%
Cost of merchandise sold	72.4	74.4	74.1
Gross profit	27.6	25.6	25.9
Selling, general and administrative expenses	22.9	21.5	19.4
Income from operations	4.7	4.1	6.5
Interest, net	1.7	1.3	1.1
Income before income taxes	3.0	2.8	5.4
Provision for income taxes	1.2	1.1	2.1
Net income	1.8%	1.7%	3.3%

COMPARISON OF FISCAL YEARS ENDED JANUARY 31, 1998 AND 1997

Net sales in fiscal 1998 were $411.0 million, a 3.8% decrease from the $427.4 million achieved in fiscal 1997. This decrease was caused by a decline of 10.5% in comparable store sales, partially offset by the first full year of sales for 35 stores opened in the previous fiscal year. During fiscal 1998, the Company opened eight stores and closed eight, while during fiscal 1997 the Company opened 35 stores and closed 12. The Company had 222 stores open at both January 31, 1998 and 1997.

Gross profit of $113.2 million in fiscal 1998 (27.6% of net sales) was 3.3% higher than the $109.6 million (25.6% of net sales) recorded the prior year. The improved gross profit margin, as a percent of sales, was primarily the result of lower merchandise cost on certain products due to opportunistic purchasing and the recognition of a higher amount of extended service contract revenues, which generally have a higher gross profit margin.

Selling, general and administrative expenses for fiscal 1998 were $94.1 million (22.9% of net sales), a 2.4% increase over the $91.9 million (21.5% of net sales) in fiscal 1997. The increase in expense was primarily due to an increase in incentive commissions for sales personnel. Selling, general and administrative expenses as a percent of net sales also increased due to the decline in comparable store sales.

Income from operations was $19.2 million (4.7% of net sales) in fiscal 1998, an 8.5% increase from $17.7 million (4.1% of net sales) for fiscal 1997. The increase was primarily due to the improved gross profit margin.

Interest expense increased to $7.1 million in fiscal 1998 from $5.6 million in fiscal 1997. The increase in interest expense is primarily attributable to additional mortgage debt outstanding for the full fiscal year on stores opened in fiscal 1997 (average outstanding borrowings of approximately $55.1 million in fiscal 1998 compared to $40.8 million in fiscal 1997).

The effective tax rate was 39.5% for fiscal 1998 and 1997.

As a result of the foregoing, net income was $7.4 million for fiscal 1998 and 1997.

COMPARISON OF FISCAL YEARS ENDED JANUARY 31, 1997 AND 1996

Net sales in fiscal 1997 were $427.4 million, a 3.4% decrease from the $442.2 million achieved in fiscal 1996. This decrease was caused by a decline of 17.5% in comparable store sales, partially offset by the net addition of 23 stores in fiscal 1997 and the first full year of sales for 34 stores opened in fiscal 1996. During fiscal 1997 the Company opened 35 stores and closed 12, while during fiscal 1996 the Company opened 34 stores and closed none. The number of stores open at January 31, 1997 was 222 compared to 199 at January 31, 1996.

Gross profit of $109.6 million in fiscal 1997 (25.6% of net sales) was 4.3% lower than the $114.6 (25.9% of net sales) recorded the prior year. The lower gross profit margin is primarily due to competitive pressures and an increase in major appliance and computer sales, which generally have a lower gross profit margin. This was partially offset by an increase in extended service contract revenues, which generally have a higher gross profit margin.

Selling, general and administrative expenses for fiscal 1997 were $91.9 million (21.5% of net sales), a 5.7% increase over the $86.0 million (19.4% of net sales) in fiscal 1996. The increase in expense was primarily attributable to $3.5 million in increased advertising costs, $1.5 million in increased occupancy and depreciation costs and $1.7 million in increased operating costs associated with more store locations in the current year. Payroll costs decreased by $800,000 due to a reduction in direct selling costs resulting from the decline in sales. The increase in selling, general and administrative expenses as a percentage of net sales is primarily the result of the decline in comparable store sales.

Income from operations was $17.7 million (4.1% of net sales) in fiscal 1997, a 38.1% decrease from $28.6 million (6.5% of net sales) for fiscal 1996. This decline was primarily due to the 17.5% decline in comparable store sales and the increased selling, general and administrative expenses associated with more store locations.

Interest expense increased to $5.6 million in fiscal 1997 from $4.7 million in fiscal 1996. The increase in interest expense is primarily attributable to additional mortgage debt associated with more Company owned store locations (average outstanding borrowings of approximately $40.8 million in fiscal 1997 compared to $31.5 million in fiscal 1996) and an increase of approximately $3.4 million in the average outstanding borrowings on the revolving line of credit.

The effective tax rate was 39.5% for fiscal 1997 and 1996.

As a result of the foregoing, net income for fiscal 1997 was $7.4 million, a 49.5% decrease from $14.6 million in fiscal 1996.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of financing have been cash flow provided by net income, mortgages on owned property and borrowings under its revolving line of credit.

Net cash provided by operating activities was $35.5 million for fiscal 1998. Operating cash flow was provided by net income of $7.4 million and $200,000 of deferred income from sales of extended service contracts, adjusted for non-cash charges of $2.0 million. Cash was also provided by a decrease in inventory of $8.5 million and an increase in accounts payable of $18.6 million.

At January 31, 1998, working capital was $78.9 million compared to $80.2 million at January 31, 1997. The ratio of current assets to current liabilities was 2.0 to 1 at January 31, 1998 compared to 2.1 to 1 at January 31, 1997.

Capital expenditures in fiscal 1998 totaled $8.0 million and were primarily associated with the opening of eight stores and the construction of a distribution center in Cheyenne, Wyoming.

During fiscal 1998, the Company purchased 567,000 shares of its common stock for $5.0 million. Subsequent to the end of fiscal 1998 and through March 26, 1998, the Company purchased 70,000 shares of its common stock for $742,000. The Company is authorized by its Board of Directors to purchase an additional 527,000 shares of its common stock and all shares purchased will be held in treasury for possible future use.

The Company has a revolving credit agreement with seven banks through July 31, 2000, with interest at prime or LIBOR plus 1.875%. Amounts available for borrowing are equal to the lesser of (i) $100 million for the months of January through June and $150 million for the months of July through December or (ii) the sum of specified percentages of eligible accounts receivable and eligible inventories, as defined. Amounts available for borrowing are reduced by any letter of credit commitments outstanding.

At January 31, 1998, no borrowings were outstanding on the revolving credit agreement. A total of approximately $77.3 million was available at January 31, 1998. Borrowing levels vary during the course of a year based on the Company's seasonal working capital needs. The maximum direct borrowings outstanding during fiscal 1998 were approximately $37.2 million, which existed immediately prior to the Christmas selling season due to the build-up of seasonal inventory requirements. The weighted average interest rate was 9.11% for fiscal 1998. The revolving credit agreement contains restrictive covenants which require the Company to maintain specified levels of consolidated tangible net worth and limit capital expenditures and the incurrence of additional indebtedness. The revolving credit agreement also places restrictions on common stock repurchases and the payment of dividends.

At January 31, 1998, the Company had approximately $55.6 million of mortgage debt outstanding (including $4.5 million obtained in fiscal 1998 from mortgaging seven stores) at a weighted average interest rate of 8.98%, with maturities from 2000 to 2012.

SEASONALITY AND QUARTERLY FLUCTUATIONS

The Company's business is seasonal. As is the case with many other retailers, the Company's net sales and net income are greatest in its fourth fiscal quarter, which includes the Christmas selling season. The fourth fiscal quarter accounted for 35.2% and 33.6% of net sales and 65.7% and 52.7% of net income in fiscal 1998 and 1997, respectively. Year to year comparisons of quarterly results of operations and comparable store sales can be affected by a variety of factors, including the duration of the holiday selling season, weather conditions and the timing of new store openings.

RECENTLY ISSUED ACCOUNTING STANDARDS

Effective January 31, 1998, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 128 "Earnings per Share", which replaces the calculation of primary and fully diluted earnings per share under previous accounting standards with basic and diluted earnings per share. As a result, the Company's reported net income per share amounts for the years ended January 31, 1997 and 1996 were restated as follows:

	PER SHARE AMOUNTS	
	1997	1996
Primary net income per share, as reported	$0.80	$1.56
Effect of SFAS No. 128	0.02	0.06
Basic net income per share, as restated	$0.82	$1.62

	1997	1996
Fully diluted net income per share, as reported	$0.80	$1.56
Effect of SFAS No. 128	-	-
Diluted net income per share, as restated	$0.80	$1.56

In 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," which addresses the identification and measurement of asset impairments and requires recognition of impairment losses on long-lived assets when book values exceed expected future cash flows. The application of this standard did not have a material impact on the Company's financial position or results of operations.

The Company adopted the provisions of SFAS No. 123 "Accounting for Stock-Based Compensation" in fiscal 1997, which established new accounting and disclosure requirements for stock-based employee compensation plans. The Company adopted this standard by continuing to follow the accounting prescribed by APB Opinion No. 25 "Accounting for Stock Issued to Employees" and presenting the required pro forma disclosures. Therefore, the application of this standard did not have a material impact on the Company's financial position or results of operations.

YEAR 2000 ISSUE

The Company is currently in the process of evaluating its information technology infrastructure for Year 2000 compliance, including developing an estimate of the total costs to be incurred to remediate any Year 2000 issues. The Company believes that with modifications to existing software and conversion to new software, the impact of the Year 2000 issue can be mitigated. However, if such modifications and conversions are not made, or are not made in a timely manner, the Year 2000 issue could have a material impact on the Company's operations. Costs incurred to remediate the Year 2000 issue will be expensed as incurred.

FORWARD-LOOKING STATEMENTS

This Form 10-K contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. The words "believes", "estimates", "plans", "expects", "intends", "anticipates" and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements. Forward-looking statements are inherently subject to risks and uncertainties. Factors that could cause actual results to differ materially from those in the forward-looking statements are set forth in Exhibit 99 to this report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

None.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REX STORES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JANUARY 31, 1998 AND 1997

ASSETS	1998	1997
	(In Thousands)	
CURRENT ASSETS:		
Cash and cash equivalents	$ 16,937	$ 3,959
Short-term investments	1,637	1,645
Accounts receivable, net of allowance for doubtful accounts of $428 and $376 in 1998 and 1997, respectively (Note 4)	2,775	1,477
Merchandise inventory (Note 4)	126,498	135,033
Prepaid expenses and other	2,078	2,219
Future income tax benefits	7,899	5,544
Total current assets	157,824	149,877
PROPERTY AND EQUIPMENT, NET (Notes 1, 4 and 5)	93,165	89,638
FUTURE INCOME TAX BENEFITS	9,541	8,519
Total assets	$260,530	$248,034
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Note payable (Note 4)	$ -	$ 12,142
Current portion of long-term debt (Note 5)	2,959	3,131
Current portion of deferred income and deferred gain on sale and leaseback (Notes 1 and 7)	11,402	10,844
Accounts payable, trade	49,832	31,265
Accrued income taxes	1,671	1,077
Accrued payroll	5,810	4,866
Other current liabilities	7,263	6,401
Total current liabilities	78,937	69,726
LONG-TERM LIABILITIES:		
Long-term debt (Note 5)	52,661	51,102
Deferred income (Note 1)	17,886	18,279
Deferred gain on sale and leaseback (Note 7)	5,264	6,207
Total long-term liabilities	75,811	75,588
COMMITMENTS AND CONTINGENCIES (Notes 7 and 9)		
SHAREHOLDERS' EQUITY (Notes 3, 4, and 6):		
Common stock, 45,000 shares authorized, 9,688 and 9,602 shares issued, at par	97	96
Paid-in capital	57,896	57,229
Retained earnings	64,175	56,763
Treasury stock, 1,955 and 1,388 shares	(16,386)	(11,368)
Total shareholders' equity	105,782	102,720
Total liabilities and shareholders' equity	$260,530	$248,034

The accompanying notes to consolidated financial statements are an integral part of these consolidated balance sheets.

REX STORES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED JANUARY 31, 1998, 1997 AND 1996

	1998	1997	1996
		(In Thousands, Except Per Share Amounts)	
NET SALES	$411,005	$427,378	$442,217
COSTS AND EXPENSES:			
Cost of merchandise sold	297,757	317,767	327,636
Selling, general and administrative expenses	94,055	91,905	85,981
Total costs and expenses	391,812	409,672	413,617
INCOME FROM OPERATIONS	19,193	17,706	28,600
INVESTMENT INCOME	202	85	182
INTEREST EXPENSE	7,143	5,624	4,707
INCOME BEFORE PROVISION FOR INCOME TAXES	12,252	12,167	24,075
PROVISION FOR INCOME TAXES	4,840	4,805	9,502
NET INCOME	$ 7,412	$ 7,362	$ 14,573
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	7,919	8,948	8,970
BASIC NET INCOME PER SHARE	$ 0.94	$ 0.82	$ 1.62
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	8,178	9,219	9,365
DILUTED NET INCOME PER SHARE	$ 0.91	$ 0.80	$ 1.56

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

REX STORES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31, 1998, 1997 AND 1996

	1998	1997	1996
		(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 7,412	$ 7,362	$ 14,573
Adjustments to reconcile net income to net cash provided by (used in) operating activities-			
Depreciation and amortization, net	2,979	2,943	2,357
Deferred income	165	3,221	4,415
Deferred income tax provision	(1,015)	(2,054)	(1,608)
Accounts receivable	(1,298)	127	(527)
Merchandise inventory	8,535	11,533	(31,219)
Other current assets	(2,228)	(323)	(361)
Accounts payable, trade	18,567	(8,260)	6,230
Other current liabilities	2,400	(3,678)	2,098
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	35,517	10,871	(4,042)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Short-term investments	8	(120)	30
Capital expenditures	(8,015)	(23,448)	(23,080)
Capital disposals	573	552	43
NET CASH USED IN INVESTING ACTIVITIES	(7,434)	(23,016)	(23,007)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in note payable	(12,142)	2,815	9,327
Proceeds from long-term debt	4,473	21,911	9,201
Payments of long-term debt	(3,086)	(2,318)	(1,836)
Common stock issued	668	497	643
Treasury stock acquired	(5,018)	(7,486)	(2,264)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(15,105)	15,419	15,071
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,978	3,274	(11,978)
CASH AND CASH EQUIVALENTS, beginning of year	3,959	685	12,663
CASH AND CASH EQUIVALENTS, end of year	$ 16,937	$ 3,959	$ 685

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

REX STORES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED JANUARY 31, 1998, 1997 AND 1996

	Common Stock					
	Issued		Treasury			
	Shares	Amount	Shares	Amount	Paid-In Capital	Retained Earnings
	(In Thousands)					
BALANCE, January 31, 1995	9,420	$94	372	$ 1,618	$56,090	$34,828
Net income	-	-	-	-	-	14,573
Treasury stock acquired	-	-	162	2,264	-	-
Common stock issued	101	1	-	-	642	-
BALANCE, January 31, 1996	9,521	95	534	3,882	56,732	49,401
Net income	-	-	-	-	-	7,362
Treasury stock acquired	-	-	854	7,486	-	-
Common stock issued	81	1	-	-	497	-
BALANCE, January 31, 1997	9,602	96	1,388	11,368	57,229	56,763
Net income	-	-	-	-	-	7,412
Treasury stock acquired	-	-	567	5,018	-	-
Common stock issued	86	1	-	-	667	-
BALANCE, January 31, 1998	9,688	$97	1,955	$16,386	$57,896	$64,175

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

REX STORES CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 1998 AND 1997

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-

(a) Principles of Consolidation--The accompanying financial statements consolidate the operating results and financial position of REX Stores Corporation and its wholly-owned subsidiaries (the Company). All significant intercompany balances and transactions have been eliminated. The Company operates 222 retail consumer electronics and appliance stores under the REX name in 35 states, predominantly in the Midwest and Southeast.

(b) Use of Estimates--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Cash Equivalents and Short-term Investments--Cash equivalents are principally short-term investments with original maturities of less than three months. Short-term investments, which are principally marketable securities, are stated at cost plus accrued interest, which approximates market. The carrying amount of cash equivalents and short-term investments is a reasonable estimate of fair value. Short-term investments at January 31, 1998 and 1997 are restricted by two states to cover possible future claims under product service contracts.

(d) Merchandise Inventory--Substantially all inventory is valued at the lower of average cost or market, which approximates cost on a first-in, first-out (FIFO) basis, including certain costs associated with purchasing, warehousing and transporting merchandise. The inventory of an acquired subsidiary, Kelly & Cohen Appliances, Inc. (K&C), is valued at the lower of last-in, first-out (LIFO) cost or market. The K&C inventory value using the FIFO method ($30,203,000 and $38,437,000 at January 31, 1998 and 1997, respectively) approximates the LIFO value in all years presented. Five suppliers accounted for approximately 55% of the Company's purchases in 1998.

(e) Property and Equipment--Property and equipment is recorded at cost. Depreciation is computed using the straight-line method. Estimated useful lives are 15 to 40 years for buildings and improvements, and 3 to 12 years for fixtures and equipment. Leasehold improvements are depreciated over 10-12 years. The components of cost at January 31, 1998 and 1997 are as follows:

	1998	1997
	(In thousands)	
Land	$ 24,779	$ 23,530
Buildings and improvements	59,006	53,890
Fixtures and equipment	14,615	14,386
Leasehold improvements	9,747	9,409
	108,147	101,215
Less: accumulated depreciation	(14,982)	(11,577)
	$ 93,165	$ 89,638

In accordance with SFAS No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of", the carrying value of long-lived assets is assessed for recoverability by management when changes in circumstances indicate that the carrying amount may not be recoverable, based on an analysis of undiscounted future expected cash flows from the use and ultimate disposition of the asset.

(f) Deferred Income On Service Contracts--The Company sells product service contracts covering periods beyond the normal manufacturers' warranty periods, usually with terms of coverage (including manufacturers' warranty periods) of between 12 to 60 months. Revenues net of sales commissions are deferred and amortized on a straight-line basis over the life of the contracts after the expiration of applicable manufacturers' warranty periods. Service contract costs are charged to operations as incurred.

(g) Interest Cost--Interest expense of $7,143,000, $5,624,000 and $4,707,000 for the years ended January 31, 1998, 1997 and 1996, respectively, is net of approximately $33,000, $193,000 and $207,000 of interest capitalized related to store construction. Total interest expense approximates interest paid for all years presented.

(h) Loan Acquisition Costs--Direct expenses and fees associated with obtaining notes payable or long-term debt are capitalized and amortized to interest expense over the life of the loan.

(i) Advertising Costs--Advertising costs are expensed as incurred. Advertising expense was approximately $32,813,000, $33,473,000 and $29,989,000 in 1998, 1997 and 1996, respectively.

(j) Store Opening and Closing Costs--Store opening costs are expensed as incurred. The costs associated with closing stores are accrued when the decision is made to close a location.

(2) NET INCOME PER SHARE-

Effective January 31, 1998, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 128 "Earnings per Share," which replaces the calculation of primary and fully diluted earnings per share under previous accounting standards with basic and diluted earnings per share. As a result, the Company's reported net income per share amounts for the years ended January 31, 1997 and 1996 were restated as follows:

	Per Share Amounts	
	1997	1996
Primary net income per share, as reported	$0.80	$1.56
Effect of SFAS 128	0.02	0.06
Basic net income per share, as restated	$0.82	$1.62

	1997	1996
Fully diluted net income per share, as reported	$0.80	$1.56
Effect of SFAS 128	-	-
Diluted net income per share, as restated	$0.80	$1.56

Basic net income per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted net income per share is computed by dividing net income available to common shareholders by the weighted average number of common and common equivalent shares outstanding during the year. Common share equivalents include the number of shares issuable upon the exercise of outstanding options, less the shares that could be purchased with the proceeds from the exercise of the options, based on the average trading price of the Company's common stock for 1998, 1997 and 1996.

The following table reconciles the basic and diluted net income per share computations for each year presented:

	1998		
	Income	Shares	Per Share
Basic net income per share	$7,412	7,919	$0.94
Effect of stock options	-	259	
Diluted net income per share	$7,412	8,178	$0.91

	1997		
	Income	Shares	Per Share
Basic net income per share	$7,362	8,948	$0.82
Effect of stock options	-	271	
Diluted net income per share	$7,362	9,219	$0.80

	1996		
	Income	Shares	Per Share
Basic net income per share	$14,573	8,970	$1.62
Effect of stock options	-	395	
Diluted net income per share	$14,573	9,365	$1.56

(3) COMMON STOCK TRANSACTIONS-

During the years ended January 31, 1998, 1997 and 1996, the Company purchased 567,000, 854,000 and 162,000 shares of its common stock for $5,018,000, $7,486,000 and $2,264,000, respectively. Subsequent to January 31, 1998 and through March 26, 1998, the Company purchased 70,000 shares of its common stock for $742,000. The Company is authorized by its Board of Directors to purchase an additional 527,000 shares of its common stock and all shares purchased will be held in treasury for possible future use.

(4) REVOLVING LINE OF CREDIT-

The Company has a revolving credit agreement with seven banks which expires July 31, 2000. Under the terms of the agreement, available revolving credit borrowings are equal to the lesser of: (i) $100 million for the months of January through June and $150 million for the months of July through December or (ii) the sum of specific percentages of eligible accounts receivable and eligible inventories, as defined. Borrowings available are reduced by any letter of credit commitments outstanding. The Company had no outstanding borrowings under the revolving credit agreement at January 31, 1998. Outstanding borrowings under the revolving credit agreement totaled $12,142,000 at January 31, 1997. The carrying amount of the borrowings at January 31, 1997 approximates fair value as the revolving credit agreement bears a current market rate of interest. At January 31, 1998, a total of approximately $77,300,000 was available for borrowings under the revolving credit agreement.

The interest rate charged on borrowings is prime or LIBOR plus 1.875% and commitment fees of 1/4% are payable on the unused portion. Borrowings are secured by certain fixed assets, accounts receivable and inventories.

The revolving credit agreement contains restrictive covenants which require the Company to maintain specified levels of consolidated tangible net worth and limit capital expenditures and the incurrence of additional indebtedness. The revolving credit agreement also places restrictions on the amount of common stock repurchases and the payment of dividends.

(5) LONG-TERM DEBT-

Long-term debt consists of notes payable secured by certain land, buildings and leasehold improvements. Interest rates range from 7.00% to 9.95%. Principal and interest are payable monthly over terms which generally range from 10 to 15 years. Substantially all of the notes payable require balloon payments at the end of the scheduled term.

Maturities of long-term debt are as follows (in thousands):

Year Ending January 31,	Amount
1999	$ 2,959
2000	3,052
2001	3,944
2002	6,035
2003	4,918
2004 and thereafter	34,712
	$55,620

The fair value of the Company's long-term debt at January 31, 1998 and 1997 was approximately $56.6 million and $56.1 million, respectively. The fair value was estimated based on rates available to the Company for debt with similar terms and maturities.

(6) EMPLOYEE BENEFITS-

Stock Option Plans--Effective June 2, 1995, the Company adopted the REX Stores Corporation 1995 Omnibus Stock Incentive Plan (the Omnibus Plan), which amended and restated the 1994 Incentive Stock Option Plan. Under the Omnibus Plan, the Company may grant to officers and key employees awards in the form of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, other stock-based awards and cash incentive awards. The Omnibus Plan also provides for yearly grants of non-qualified stock options to directors who are not employees of the Company. The exercise price of each stock based award must be at least 100% of the fair market value of the Company's common stock on the date of grant. A maximum of 2,000,000 shares of common stock are authorized for issuance under the Omnibus Plan and at January 31, 1998, 364,430 shares remained available for issuance. At January 31, 1998, 158,697 stock options also remained outstanding under the 1984 Incentive Stock Option Plan which expired in fiscal 1995.

In November 1989, non-qualified executive stock options were issued to two key executives under a separate plan for 600,000 shares at the then-current market price of $3.38 per share. No additional shares are available for grant under this plan. At January 31, 1998, 512,079 of these options remained outstanding and exercisable.

On February 26, 1997, the Company's Board of Directors approved a re-pricing of 362,035 stock options, with exercise prices ranging from $13.00 to $18.98 per share, to the market price as of the date of approval of $8.13 per share. Stock options held by employees who are members of the Board of Directors and stock options held by Non-Employee Directors were not re-priced.

The Company accounts for its stock-based compensation plans under APB Opinion No. 25, "Accounting for Stock Issued to Employees", under which no compensation cost has been recognized. Had compensation cost for these plans been determined at fair value consistent with SFAS No. 123, "Accounting for Stock-Based Compensation", the Company's net income and net income per share would have been reduced to the following pro forma amounts:

		1998	1997	1996
Net income (000's):	As reported	$7,412	$7,362	$14,573
	Pro forma	6,167	5,932	13,923
Basic net income per share:	As reported	0.94	0.82	1.62
	Pro forma	0.78	0.66	1.55
Diluted net income per share:	As reported	0.91	0.80	1.56
	Pro forma	0.79	0.72	1.54

The fair values of options granted were estimated as of the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions used for grants in fiscal 1998, 1997 and 1996, respectively: risk-free interest rate of 5.7%, 6.3% and 6.3%; expected volatility of 41.5%, 46.7% and 46.7%; and a weighted average stock option life of 5 years. In accordance with the provisions of SFAS No. 123, the fair value method of accounting was not applied to options granted prior to February 1, 1995 in estimating the pro forma amounts. Therefore, the pro forma effect on net income and net income per share may not be representative of that to be expected in future years.

The following summarizes stock option activity for the years ended January 31, 1998, 1997 and 1996 (options granted and cancelled during fiscal 1998 include the effect of the February 26, 1997 re-pricing):

	1998		1997		1996	
	Shares (000's)	Weighted Average Exercise Price	Shares (000's)	Weighted Average Exercise Price	Shares (000's)	Weighted Average Exercise Price
Outstanding at beginning of year	2,119	$12.15	2,069	$ 11.60	1,422	$ 9.93
Granted	653	9.13	202	15.47	768	13.90
Exercised	(86)	7.20	(81)	5.34	(101)	4.32
Canceled or expired	(398)	14.54	(71)	14.62	(20)	14.07
Outstanding at end of year	2,288	$11.06	2,119	$ 12.15	2,069	$11.60
Exercisable at end of year	1,368	$10.62	1,143	$ 10.37	997	$ 8.67
Weighted average fair value of options granted	$4.68		$ 8.30		$9.02	

Price ranges and other information for stock options outstanding as of January 31, 1998 were as follows:

Range of Exercise Prices	Outstanding Shares (000's)	Outstanding Weighted Average Exercise Price	Outstanding Weighted Average Remaining Life	Exercisable Shares (000's)	Exercisable Weighted Average Exercise Price
$3.38	512	$ 3.38	1.8 yrs.	512	$ 3.38
$6.88 to $8.13	363	7.98	2.9 yrs.	171	7.81
$10.38 to $15.26	928	12.84	7.7 yrs.	224	13.90
$16.75 to $18.98	485	18.06	5.5 yrs.	461	18.11
	2,288	$11.06	5.2 yrs.	1,368	$10.62

Profit Sharing Plan--The Company has a qualified, noncontributory profit sharing plan covering full-time employees who meet certain eligibility requirements. The Plan also allows 401(k) savings contributions by participants with certain Company matching contributions. Aggregate contributions to the Plan are determined annually by the Board of Directors and are not to exceed 15% of total compensation paid to all participants during such year. The Company contributed matching amounts of approximately $31,000, $28,000 and $36,000 for the years ended January 31, 1998, 1997 and 1996, respectively, under the Plan.

(7) LEASES AND COMMITMENTS-

The Company is committed under operating leases for certain warehouse and retail store locations. The lease agreements are for varying terms through 2007 and contain renewal options for additional periods. Real estate taxes, insurance and maintenance costs are generally paid by the Company. Contingent rentals based on sales volume are not significant. Certain leases contain scheduled rent increases and rent expense is recognized on a straight-line basis over the term of the leases.

On August 30, 1989, the Company completed a transaction for the sale and leaseback of certain stores and warehouse facilities under an initial 15-year lease term. This transaction resulted in pre-tax financial statement gain of $15.6 million, which was deferred and is being amortized as a reduction to lease expense over the term of the leases. The unamortized deferred gain at January 31, 1998 was approximately $6.2 million.

The following is a summary of rent expense under operating leases (in thousands):

Years ended January 31,	Minimum Rentals	Gain Amortization	Sublease Income	Total
1998	$9,453	$(943)	$(1,713)	$6,797
1997	9,076	(629)	(1,503)	6,944
1996	8,383	(405)	(1,475)	6,503

Future minimum annual rentals and gain amortization on non-cancelable leases as of January 31, 1998 are as follows (in thousands):

Years ended January 31,	Minimum Rentals	Gain Amortization
1999	$ 8,591	$ 943
2000	7,995	943
2001	7,433	943
2002	6,456	943
2003	5,347	943
2004 and thereafter	8,786	1,492
	$44,608	$6,207

(8) INCOME TAXES-

The provision for income taxes for the years ended January 31, 1998, 1997 and 1996 consists of the following (in thousands):

	Years Ended January 31,		
	1998	1997	1996
Federal:			
Current	$5,007	$ 5,803	$ 9,264
Deferred	(957)	(1,824)	(1,358)
	4,050	3,979	7,906
State and Local:			
Current	848	1,056	1,846
Deferred	(58)	(230)	(250)
	790	826	1,596
	$4,840	$ 4,805	$ 9,502

The tax effects of significant temporary differences representing deferred tax assets and liabilities are as follows:

	January 31, 1998	January 31, 1997
Assets:		
Deferral of service contract income	$ 9,991	$ 9,933
Sale and leaseback deferred gain	2,172	2,502
Accrued liabilities	2,257	957
Other items	4,355	3,117
	18,775	16,509
Liabilities:		
Inventory accounting	(1,064)	(1,064)
Depreciation	(271)	(1,332)
Other items	-	(50)
	(1,335)	(2,446)
Total net future income tax benefits	$17,440	$14,063

The Company paid income taxes of $7,604,000, $9,801,000 and $10,100,000 in the years ended January 31, 1998, 1997 and 1996, respectively.

The effective income tax rate on consolidated pre-tax income differs from the Federal income tax statutory rate as follows:

	Years Ended January 31, 1998	1997	1996
Federal income tax at statutory rate	35.0%	35.0%	35.0%
State and local taxes, net of federal tax benefit	4.2	4.1	4.2
Other	.3	.4	.3
	39.5%	39.5%	39.5%

(9) CONTINGENCIES-

The Company is involved in various legal actions arising in the normal course of business. After taking into consideration legal counsels' evaluation of such actions, management is of the opinion that their outcome will not have a significant effect on the Company's consolidated financial statements.

Report of Independent Public Accountants

To the Shareholders and Board of Directors
of REX Stores Corporation:

We have audited the accompanying consolidated balance sheets of REX Stores Corporation (a Delaware corporation) and subsidiaries as of January 31, 1998 and 1997, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three fiscal years in the period ended January 31, 1998. These consolidated financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of REX Stores Corporation and subsidiaries as of January 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three fiscal years in the period ended January 31, 1998, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedule listed under Part IV, Item 14(a)(2) is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

Cincinnati, Ohio,
March 26, 1998

ARTHUR ANDERSEN LLP

REX STORES CORPORATION AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED JANUARY 31, 1998, 1997 AND 1996

(In Thousands)

		Additions	Deductions	
	Balance Beginning of Year	Charged Cost and Expenses	Charges for Which Reserves Were Created	Balance End of Year
1998				
Allowance for doubtful accounts	$376	$474	$422	$428
1997				
Allowance for doubtful accounts	$638	$146	$408	$376
1996				
Allowance for doubtful accounts	$784	$287	$433	$638

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item 10 is incorporated herein by reference to the Company's Proxy Statement for its Annual Meeting of Shareholders on June 4, 1998, except for certain information concerning the executive officers of the Company which is set forth in Part I of this report.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is set forth in the Company's Proxy Statement for its Annual Meeting of Shareholders on June 4, 1998 and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item 12 is set forth in the Company's Proxy Statement for its Annual Meeting of Shareholders on June 4, 1998 and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item 13 is set forth in the Company's Proxy Statement for its Annual Meeting of Shareholders on June 4, 1998 and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) Financial Statements.

The following consolidated financial statements of the Company and its subsidiaries are incorporated by reference as part of this report at Item 8 hereof.

Consolidated Balance Sheets as of January 31, 1998 and 1997

Consolidated Statements of Income for the years ended January 31, 1998, 1997 and 1996

Consolidated Statements of Cash Flows for the years ended January 31, 1998, 1997 and 1996

Consolidated Statements of Shareholders' Equity for the years ended January 31, 1998, 1997 and 1996

Notes to Consolidated Financial Statements

Report of Independent Public Accountants

(a)(2) Financial Statement Schedules.

The following financial statement schedule is incorporated by reference as part of this report at Item 8 hereof.

Schedule II - Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable or not required, or because the required information is included in the consolidated financial statements or notes thereto.

(a)(3) Exhibits.

See Exhibit Index at page 42 of this report.

Management Contracts and Compensatory Plans and Arrangements

Employment Agreement dated September 1, 1995 between Rex Radio and Television, Inc. and Stuart Rose -- Form 10-Q for quarter ended October 31, 1995, exhibit 10(a).

Employment Agreement dated September 1, 1995 between Rex Radio and Television, Inc. and Lawrence Tomchin -- Form 10-Q for quarter ended October 31, 1995, exhibit 10(b).

Executive Stock Option dated September 22, 1993 to Stuart Rose -- Form 10-Q for quarter ended October 31, 1993, exhibit 10(a).

Executive Stock Option dated September 22, 1993 to Lawrence Tomchin -- Form 10-Q for quarter ended October 31, 1993, exhibit 10(b).

Executive Stock Option dated November 20, 1989 to Stuart Rose -- Form 10-Q for quarter ended October 31, 1989, exhibit 6.3.

Executive Stock Option dated November 20, 1989 to Lawrence Tomchin -- Form 10-Q for quarter ended October 31, 1989, exhibit 6.4.

Subscription Agreement dated December 1, 1989 from Stuart Rose -- Form 10-Q for quarter ended October 31, 1989, exhibit 6.5.

Subscription Agreement dated December 1, 1989 from Lawrence Tomchin -- Form 10-Q for quarter ended October 31, 1989, exhibit 6.6.

1984 Incentive Stock Option Plan -- Form 10-K for fiscal year ended January 31, 1992, exhibit 10(a).

1995 Omnibus Stock Incentive Plan -- Post-effective amendment No. 1 to Form S-8 registration statement (No. 33-81706), exhibit 4(c).

(b) Reports on Form 8-K.

No reports on Form 8-K were filed by the Company during the quarter ended January 31, 1998.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

By /s/ STUART ROSE

Stuart Rose
Chairman of the Board and
Chief Executive Officer

Date: April 17, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	CAPACITY	DATE
/s/ STUART ROSE Stuart Rose	Chairman of the Board and Chief Executive Officer (principal executive officer)	April 17, 1998
/s/ DOUGLAS BRUGGEMAN Douglas Bruggeman	Vice President-Finance and Treasurer (principal financial and accounting officer)	April 17, 1998
LAWRENCE TOMCHIN* Lawrence Tomchin	President, Chief Operating Officer and Director	April 17, 1998
/s/ EDWARD KRESS Edward Kress	Secretary and Director	April 17, 1998
ROBERT DAVIDOFF* Robert Davidoff	Director	April 17, 1998
LEE FISHER* Lee Fisher	Director	April 17, 1998

*By /s/ STUART ROSE

(Stuart Rose, Attorney-in-Fact)

EXHIBIT INDEX

		Page
(3)	Articles of incorporation and by-laws:	
3(a)	Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3(a) to Form 10-K for fiscal year ended January 31, 1994, File No. 0-13283)	
3(b)(1)	By-Laws, as amended (incorporated by reference to Registration Statement No. 2-95738, Exhibit 3(b), filed February 8, 1985)	
3(b)(2)	Amendment to By-Laws adopted June 29, 1987 (incorporated by reference to Exhibit 4.5 to Form 10-Q for quarter ended July 31, 1987, File No. 0-13283)	
(4)	Instruments defining the rights of security holders, including indentures:	
4(a)	Amended and Restated Loan Agreement dated July 31, 1995 among Rex Radio and Television, Inc., Kelly & Cohen Appliances, Inc., Stereo Town, Inc. and Rex Kansas, Inc. (the "Borrowers"), the lenders named therein, and NatWest Bank N.A. as agent (incorporated by reference to Exhibit 4(a) to Form 10-Q for quarter ended July 31, 1995, File No. 0-13283)	
4(b)	Form of Amended and Restated Revolving Credit Note (incorporated by reference to Exhibit 4(b) to Form 10-Q for quarter ended July 31, 1995, File No. 0-13283)	
4(c)	Guaranty of registrant dated July 31, 1995 (incorporated by reference to Exhibit 4(c) to Form 10-Q for quarter ended July 31, 1995, File No. 0-13283)	
4(d)	Borrowers Pledge Agreement as amended and restated through July 31, 1995 (incorporated by reference to Exhibit 4(d) to Form 10-Q for quarter ended July 31, 1995, File No. 0-13283)	
4(e)	Borrowers General Security Agreement as amended and restated through July 31, 1995 (incorporated by reference to Exhibit 4(e) to Form 10-Q for quarter ended July 31, 1995, File No. 0-13283)	
4(f)	Parent Pledge Agreement as amended and restated through July 31, 1995 (incorporated by reference to Exhibit 4(f) to Form 10-Q for quarter ended July 31, 1995, File No. 0-13283)	
4(g)	Parent General Security Agreement as amended and restated through July 31, 1995 (incorporated by reference to Exhibit 4(g) to Form 10-Q for quarter ended July 31, 1995, File No. 0-13283)	

4(h) Amendment Agreement dated April 1, 1997 to Amended and Restated Loan Agreement dated July 31, 1995 and to Guaranty of registrant dated July 31, 1995 among the Borrowers, the registrant, the lenders named therein and Fleet Bank, N.A. (as successor to NatWest Bank N.A.) as agent (incorporated by reference to Exhibit 4(h) to Form 10-Q for quarter ended April 30, 1997, File No. 0-13283)

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the registrant has not filed as an exhibit to this Form 10-K certain instruments with respect to long-term debt where the total amount of securities authorized thereunder does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant agrees to furnish a copy of such instruments to the Commission upon request.

(10) Material contracts:

10(a) Employment Agreement dated September 1, 1995 between Rex Radio and Television, Inc. and Stuart Rose (incorporated by reference to Exhibit 10(a) to Form 10-Q for quarter ended October 31, 1995, File No. 0-13283)

10(b) Employment Agreement dated September 1, 1995 between Rex Radio and Television, Inc. and Lawrence Tomchin (incorporated by reference to Exhibit 10(b) to Form 10-Q for quarter ended October 31, 1995, File No. 0-13283)

10(c) Executive Stock Option dated September 22, 1993 granting Stuart Rose an option to purchase 300,000 shares of registrant's Common Stock (incorporated by reference to Exhibit 10(a) to Form 10-Q for quarter ended October 31, 1993, File No. 0-13283)

10(d) Executive Stock Option dated September 22, 1993 granting Lawrence Tomchin an option to purchase 150,000 shares of registrant's Common Stock (incorporated by reference to Exhibit 10(b) to Form 10-Q for quarter ended October 31, 1993, File No. 0-13283)

10(e) Executive Stock Option dated November 20, 1989 granting Stuart Rose an option to purchase 300,000 shares of registrant's Common Stock (incorporated by reference to Exhibit 6.3 to Form 10-Q for quarter ended October 31, 1989, File No. 0-13283)

10(f) Executive Stock Option dated November 20, 1989 granting Lawrence Tomchin an option to purchase 300,000 shares of registrant's Common Stock (incorporated by reference to Exhibit 6.4 to Form 10-Q for quarter ended October 31, 1989, File No. 0-13283)

10(g) Subscription Agreement dated December 1, 1989 from Stuart Rose to purchase 300,000 shares of registrant's Common Stock (incorporated by reference to Exhibit 6.5 to Form 10-Q for quarter ended October 31, 1989, File No. 0-13283)

10(h) Subscription Agreement dated December 1, 1989 from Lawrence Tomchin to purchase 140,308 shares of registrant's Common Stock (incorporated by reference to Exhibit 6.6 to Form 10-Q for quarter ended October 31, 1989, File No. 0-13283)

10(i) 1984 Incentive Stock Option Plan, as amended effective February 6, 1992 (incorporated by reference to Exhibit 10(a) to Form 10-K for fiscal year ended January 31, 1992, File No. 0-13283)

10(j) 1995 Omnibus Stock Incentive Plan, as amended and restated effective June 2, 1995 (incorporated by reference to Exhibit 4(c) to Post- Effective Amendment No. 1 to Form S-8 Registration Statement No. 33-81706)

10(k) Real Estate Purchase and Sale Agreement (the "Agreement") dated March 8, 1989 between registrant as Guarantor, four of its subsidiaries (Rex Radio and Television, Inc., Stereo Town, Inc., Kelly & Cohen Appliances, Inc., and Rex Radio Warehouse Corporation) as Sellers and Holman/Shidler Investment Corporation as Buyer (incorporated by reference to Exhibit (b)(5)(1) to Amendment No. 1 to Schedule 13E-4 filed March 15, 1989, File No. 5-35828)

The Table of Contents to the Agreement lists Exhibits A through P to the Agreement. Each of the following listed Exhibits to the Agreement is incorporated herein by reference as indicated below. The registrant will, upon request of the Commission, provide any of the additional Exhibits to the Agreement.

10(l) Form of Full Term Lease (incorporated by reference to Exhibit (b)(5)(2) to Amendment No. 1 to Schedule 13E-4 filed March 15, 1989, File No. 5-35828)

10(m) Form of Divisible Lease (incorporated by reference to Exhibit (b)(5)(3) to Amendment No. 1 to Schedule 13E-4 filed March 15, 1989, File No. 5-35828)

10(n) Form of Terminable Lease (incorporated by reference to Exhibit (b)(5)(4) to Amendment No. 1 to Schedule 13E-4 filed March 15, 1989, File No. 5-35828)

10(o) Continuing Lease Guaranty (incorporated by reference to Exhibit (b)(5)(5) to Amendment No. 1 to Schedule 13E-4 filed March 15, 1989, File No. 5-35828)

EXHIBIT 21(a)

SUBSIDIARIES OF REX STORES CORPORATION

Name	State of Incorporation
Rex Radio and Television, Inc.	Ohio
Stereo Town, Inc.	Georgia
Kelly & Cohen Appliances, Inc.	Ohio
Rex Kansas, Inc.(1)	Kansas
AVA Acquisition Corp.(2)	Delaware
A.V. Compadres, Inc.(2)	Ohio

- --------------------

(1) Wholly-owned subsidiary of Rex Radio and Television, Inc.

(2) Non-operating subsidiary

EXHIBIT 23(a)

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K into the Company's previously filed Registration Statements on Form S-8 (No. 33-3836, No. 33-81706 and No. 33-62645).

Arthur Andersen LLP

Cincinnati, Ohio,
April 14, 1998

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, in his capacity as a director or officer, or both, of REX Stores Corporation, a Delaware corporation (the "Company"), hereby constitutes and appoints Stuart A. Rose and Edward M. Kress, or any one of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the Fiscal Year Ended January 31, 1998 and to sign any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and any one of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that such attorneys-in-fact and agents or any one of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this 15th day of April, 1998.

/s/ LAWRENCE TOMCHIN

Lawrence Tomchin

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, in his capacity as a director or officer, or both, of REX Stores Corporation, a Delaware corporation (the "Company"), hereby constitutes and appoints Stuart A. Rose and Edward M. Kress, or any one of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the Fiscal Year Ended January 31, 1998 and to sign any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and any one of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that such attorneys-in-fact and agents or any one of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this 13th day of April, 1998.

/s/ ROBERT DAVIDOFF

Robert Davidoff

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, in his capacity as a director or officer, or both, of REX Stores Corporation, a Delaware corporation (the "Company"), hereby constitutes and appoints Stuart A. Rose and Edward M. Kress, or any one of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the Fiscal Year Ended January 31, 1998 and to sign any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and any one of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that such attorneys-in-fact and agents or any one of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this 13th day of April, 1998.

/s/ LEE FISHER

Lee Fisher

5
1,000
YEAR
JAN-31-1998
FEB-1-1997
JAN-31-1998
16,937
1,637
2,347
428
126,498
157,824
108,147
14,982
260,530
78,937
52,661
97
0
0
105,685
260,530
411,005
411,005
297,757
297,757
0
0
7,143
12,252
4,840
7,412
0
0
0
7,412
.94
.91

5

0000744187
REX STORES CORPORATION
1,000
U.S. DOLLARS

9-MOS
JAN-31-1998
FEB-1-1997
OCT-31-1997
1
1,836
1,627
1,228
437
169,345
184,152
107,855
14,179
288,047
110,890
51,499
97
0
0
102,697
288,047
266,131
266,131
191,396
191,396
0
0
5,406
4,196
1,657
2,539
0
0
0
2,539
.32
.32

5

0000744187
REX STORES CORPORATION
1,000
U.S. DOLLARS

6-MOS
JAN-31-1998
FEB-1-1997
JUL-31-1997
1
1,656
1,647
1,154
346
148,174
162,950
104,893
13,524
262,838
84,953
52,219
97
0
0
102,150
262,838
178,164
178,164
127,921
127,921
0
0
3,495
3,565
1,409
2,156
0
0
0
2,156
.27
.27

5

0000744187
REX STORES CORPORATION
1,000
U.S. DOLLARS

3-MOS
JAN-31-1998
FEB-1-1997
APR-30-1997
1
2,119
1,633
880
338
156,318
170,017
102,034
12,554
268,016
91,179
52,323
96
0
0
100,455
268,016
88,265
88,265
63,870
63,870
0
0
1,532
1,318
521
797
0
0
0
797
.10
.10

5

0000744187
REX STORES CORPORATION
1,000
U.S. DOLLARS

YEAR
JAN-31-1997
FEB-1-1996
JAN-31-1997
1
3,959
1,645
1,853
376
135,033
149,877
101,215
11,577
248,034
69,726
51,102
96
0
0
102,624
248,034
427,378
427,378
317,767
317,767
0
0
5,624
12,167
4,805
7,362
0
0
0
7,362
.82
.80

5

0000744187
REX STORES CORPORATION
1,000
U.S. DOLLARS

9-MOS
JAN-31-1997
FEB-1-1996
OCT-31-1996
1
1,763
1,625
1,476
403
170,879
184,047
97,159
10,791
278,684
110,586
40,605
96
0
0
103,837
278,684
283,579
283,579
211,424
211,424
0
0
4,030
5,757
2,273
3,484
0
0
0
3,484
.37
.36

5

0000744187
REX STORES CORPORATION
1,000
U.S. DOLLARS

6-MOS
JAN-31-1997
FEB-1-1996
JUL-31-1996
1
2,028
1,605
785
308
148,850
160,850
86,790
10,265
245,644
75,327
40,640
96
0
0
105,889
245,644
193,036
193,036
143,434
143,434
0
0
2,670
5,341
2,109
3,232
0
0
0
3,232
.34
.33

5

0000744187
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
32,090
96
0
0
104,178
254,224
97,384
97,384
72,503
72,503
0
0
1,203
2,902
1,146
1,756
0
0
0
1,756
.19
.18

5

0000744187
REX STORES CORPORATION
1,000
U.S. DOLLARS

YEAR
JAN-31-1996
FEB-1-1995
JAN-31-1996
1
685
1,525
2,242
638
146,566
156,023
78,978
8,671
234,599
76,007
32,590
95
0
0
102,251
234,599
442,217
442,217
327,636
327,636
0
0
4,707
24,075
9,502
14,573
0
0
0
14,573
1.62
1.56