

REX STORES CORP  
Form 10-Q  
December 07, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 10-Q**

(Mark One)

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

**For the quarterly period ended October 31, 2007**

**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  
001-09097**

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

**Delaware 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)**

**(937) 276-3931**

**(Registrant's telephone number,  
including area code)**

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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 whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act . (Check one): Large accelerated filer ( ) Accelerated filer (X) Non-accelerated filer ( )

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ( ) No (X)

At the close of business on December 6, 2007 the registrant had 10,128,775 shares of Common Stock, par value \$.01 per share, outstanding.

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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

## Unaudited

	October 31, 2007	January 31, 2007	October 31, 2006
ASSETS			
		(In Thousands)	
CURRENT ASSETS:			
Cash and cash equivalents	\$ 102,966	\$ 43,008	\$ 15,923
Accounts receivable, net	1,317	1,975	3,757
Synthetic fuel receivable	1,683	8,838	7,592
Merchandise inventory, net	78,427	70,078	116,065
Prepaid expenses and other	1,550	2,915	1,655
Future income tax benefits	6,619	9,192	9,588
Total current assets	192,562	136,006	154,580
PROPERTY AND EQUIPMENT, NET	91,634	122,769	121,846
ASSETS HELD FOR SALE, NET	522	2,009	1,497
OTHER ASSETS	14,630	18,986	17,305
GOODWILL	1,322	1,322	726
FUTURE INCOME TAX BENEFITS	25,943	26,245	28,397
INVESTMENTS	66,936	35,699	5,000
RESTRICTED INVESTMENTS	2,462	2,406	2,384
Total assets	\$ 396,011	\$ 345,442	\$ 331,735
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Notes payable	\$ 1,510	\$ -	\$ -
Current portion of long-term debt	2,231	2,678	2,354
Deferred income	14,472	15,641	15,287
Accounts payable, trade	35,411	23,254	23,153
Deferred gain on sale and leaseback	1,730	101	101
Other current liabilities	13,315	10,510	12,189
Total current liabilities	68,669	52,184	53,084
LONG-TERM LIABILITIES:			
Long-term mortgage debt	24,218	31,236	21,454
Deferred income	16,958	19,286	18,477
Deferred gain on sale and leaseback	5,187	504	529
Other	619	-	-
Total long-term liabilities	46,982	51,026	40,460
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARY	28,568	11,443	12,119
SHAREHOLDERS' EQUITY:			
Common stock	298	295	295
Paid-in capital	143,682	139,337	138,700
Retained earnings	279,772	252,249	248,699
Treasury stock	(171,960)	(161,092)	(161,622)
Total shareholders' equity	251,792	230,789	226,072

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Total liabilities and shareholders' equity	\$ 396,011	\$ 345,442	\$ 331,735
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The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

**REX STORES CORPORATION AND SUBSIDIARIES**  
**Consolidated Condensed Statements Of Income**  
**Unaudited**

	Three Months Ended		Nine Months Ended	
	October 31, 2007	October 31, 2006	October 31, 2007	October 31, 2006
	(In Thousands, Except Per Share Amounts)			
Net sales and revenue	\$ 58,765	\$ 61,113	\$ 162,848	\$ 178,968
Cost of sales (Excluding depreciation)	42,292	44,561	113,759	128,904
Gross profit	16,473	16,552	49,089	50,064
Selling, general and administrative expenses	(15,612)	(17,151)	(46,995)	(50,444)
Interest income	1,503	341	4,772	920
Interest expense	(59)	(387)	(199)	(1,084)
Loss on early termination of debt	-	-	(651)	-
Gains on sale of real estate, net	901	462	1,446	2,197
Equity in income of unconsolidated ethanol affiliates	535	-	2,057	-
Realized and unrealized investment gains, net	17,118	-	17,118	-
Income (loss) from synthetic fuel investments	(1,860)	5,865	8,279	8,650
Income from continuing operations before provision for income taxes and minority interest	18,999	5,682	34,916	10,303
Provision for income taxes	7,374	1,834	13,665	3,556
Minority interest	32	-	(12)	-
Income from continuing operations	11,657	3,848	21,239	6,747
Loss from discontinued operations, net of tax	(413)	(123)	(1,830)	(36)
Gain on disposal of discontinued operations, net of tax	3,422	1,090	8,601	1,090
<b>NET INCOME</b>	<b>\$ 14,666</b>	<b>\$ 4,815</b>	<b>\$ 28,010</b>	<b>\$ 7,801</b>
<b>WEIGHTED AVERAGE SHARES OUTSTANDING □ BASIC</b>	<b>10,433</b>	<b>10,333</b>	<b>10,509</b>	<b>10,268</b>
Basic income per share from continuing operations	\$ 1.12	\$ 0.37	\$ 2.02	\$ 0.66
Basic loss per share from discontinued operations	(0.04)	(0.01)	(0.17)	(0.01)
Basic income per share on disposal of discontinued operations	0.33	0.11	0.82	0.11
<b>BASIC NET INCOME PER SHARE</b>	<b>\$ 1.41</b>	<b>\$ 0.47</b>	<b>\$ 2.67</b>	<b>\$ 0.76</b>
<b>WEIGHTED AVERAGE SHARES OUTSTANDING □ DILUTED</b>	<b>11,750</b>	<b>11,517</b>	<b>11,864</b>	<b>11,608</b>
Diluted income per share from continuing operations	\$ 0.99	\$ 0.33	\$ 1.79	\$ 0.58
Diluted loss per share from discontinued operations	(0.03)	(0.01)	(0.15)	-
Diluted income per share on disposal of discontinued operations	0.29	0.10	0.72	0.09
<b>DILUTED NET INCOME PER SHARE</b>	<b>\$ 1.25</b>	<b>\$ 0.42</b>	<b>\$ 2.36</b>	<b>\$ 0.67</b>

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



**REX STORES CORPORATION AND SUBSIDIARIES**  
**Consolidated Condensed Statements Of Shareholders' Equity**  
**Unaudited (In Thousands)**

	Common Shares Issued		Treasury		Paid-in Capital	Retained Earnings	Accumulated Comprehensive Income	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance at January 31, 2007	29,513	\$ 295	19,089	(\$ 161,092)	\$ 139,337	\$ 252,249	\$ -	\$ 230,789
Net income						28,010		28,010
Cumulative effect of adopting FIN 48						(287)		(287)
Treasury stock acquired			682	(12,870)				(12,870)
Stock based compensation					1,065			1,065
Stock options exercised and related tax effects	244	3	(234)	2,002	3,280			5,285
Minority interest distribution						(200)		(200)
Unrealized holding gains, net of tax							9,717	9,717
Reclassification adjustment for net gains included in net income, net of tax							(9,717)	(9,717)
Balance at October 31, 2007	29,757	\$ 298	19,537	(\$ 171,960)	\$ 143,682	\$ 279,772	\$ -	\$ 251,792



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**Consolidated Condensed Statements Of Shareholders' Equity**  
**Unaudited (In Thousands)**

	Common Shares Issued		Treasury		Paid-in Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
Balance at January 31, 2006	29,390	\$ 294	19,289	(\$162,762)	\$ 135,775	\$ 240,898	\$ 214,205
Net income						7,801	7,801
Stock based compensation					1,297		1,297
Stock options exercised and related tax effects	101	1	(135)	1,140	1,628		2,769
Balance at October 31, 2006	29,491	\$ 295	19,154	(\$161,622)	\$ 138,700	\$ 248,699	\$ 226,072

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

**REX STORES CORPORATION AND SUBSIDIARIES**  
**Consolidated Condensed Statements Of Cash Flows**  
**Unaudited**

Nine Months Ended