

REX STORES CORP
Form 10-Q
December 09, 2008

**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, 2008

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
(State or other jurisdiction of
incorporation or organization)**

**31-1095548
(I.R.S. Employer
Identification Number)**

**2875 Needmore Road, Dayton, Ohio
(Address of principal executive offices)**

**45414
(Zip Code)**

**(937) 276-3931
(Registrant's telephone number, including area code)**

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

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days.

Yes (X) No ()

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer¹, accelerated filer² and smaller reporting company³ in Rule 12b-2 of the Exchange Act.

Large accelerated filer ()

Accelerated filer (X)

Non-accelerated filer () (Do not check if a smaller reporting company)

Smaller reporting company ()

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 8, 2008, the registrant had 9,541,310 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, 2008	January 31, 2008	October 31, 2007
(In Thousands)			
Assets			
Current assets:			
Cash and cash equivalents	\$ 66,215	\$ 127,716	\$ 102,966
Restricted cash	1,318	-	-
Accounts receivable, net	4,643	1,877	1,317
Synthetic fuel receivable	-	573	1,683
Inventory, net	56,554	49,933	78,427
Prepaid expenses and other	3,677	2,492	1,550
Deferred taxes	9,801	10,599	6,619
Total current assets	142,208	193,190	192,562
Property and equipment, net	221,967	136,505	91,634
Assets held for sale, net	92	-	522
Other assets	12,861	14,803	14,630
Goodwill	-	1,322	1,322
Deferred taxes	21,929	21,929	25,943
Equity method investments	41,549	38,748	39,010
Investments in marketable equity securities	-	-	27,926
Restricted investments	2,503	2,481	2,462
Total assets	\$ 443,109	\$ 408,978	\$ 396,011
Liabilities and shareholders' equity			
Current liabilities:			
Current portion of long-term debt and capital lease obligations	\$ 6,393	\$ 4,101	\$ 3,741
Accounts payable, trade	38,539	27,253	35,411
Deferred income	12,485	14,448	14,472
Deferred gain on sale and leaseback	1,655	1,436	1,730
Other current liabilities	6,715	13,617	13,315
Total current liabilities	65,787	60,855	68,669
Long-term liabilities:			
Long-term debt and capital lease obligations	84,517	35,224	24,218
Deferred income	14,250	17,172	16,958
Deferred gain on sale and leaseback	3,886	4,493	5,187
Derivative financial instruments	1,359	2,601	-
Other	1,176	4,313	619
Total long-term liabilities	105,188	63,803	46,982
Minority interest in consolidated subsidiaries	25,659	27,729	28,568
Shareholders' equity:			
Common stock	299	298	298
Paid-in capital	142,310	141,357	143,682

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Retained earnings	287,711	285,629	279,772
Treasury stock	(183,845)	(170,693)	(171,960)
Total shareholders' equity	246,475	256,591	251,792
Total liabilities and shareholders' equity	\$ 443,109	\$ 408,978	\$ 396,011

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 October 31,		Nine Months Ended October 31,	
	2008	2007	2008	2007
(In Thousands, Except Per Share Amounts)				
Net sales and revenue	\$ 63,679	\$ 53,402	\$ 175,788	\$ 146,852
Cost of sales (excluding retail segment depreciation)	54,038	38,210	140,032	101,933
Gross profit	9,641	15,192	35,756	44,919
Selling, general and administrative expenses	(13,671)	(14,165)	(40,505)	(42,612)
Interest income	363	1,503	1,732	4,772
Interest expense	(1,074)	(47)	(2,093)	(147)
Loss on early termination of debt	(9)	-	(9)	(557)
Gains on sale of real estate, net	2,279	125	2,279	876
Equity in income of unconsolidated ethanol affiliates	1,044	535	2,966	2,057
Realized and unrealized investment gains, net	-	17,118	-	17,118
Income (loss) from synthetic fuel investments	21	(1,860)	691	8,279
Unrealized and realized (losses) gains on derivative financial instruments, net	(947)	-	481	-
(Loss) income from continuing operations before benefit (provision) for income taxes, minority interest and discontinued operations	(2,353)	18,401	1,298	34,705
Benefit (provision) for income taxes	50	(7,119)	(970)	(13,380)
Minority interest	1,878	32	2,070	(12)
(Loss) income from continuing operations	(425)	11,314	2,398	21,313
Loss from discontinued operations, net of tax	(225)	(535)	(507)	(2,171)
Gain on disposal of discontinued operations, net of tax	-	3,887	191	8,868
Net (loss) income	\$ (650)	\$ 14,666	\$ 2,082	\$ 28,010
Weighted average shares outstanding basic	9,937	10,433	10,389	10,509
Basic (loss) income per share from continuing operations	\$ (0.05)	\$ 1.08	\$ 0.23	\$ 2.03
Basic loss per share from discontinued operations	(0.02)	(0.04)	(0.05)	(0.20)
Basic income per share on disposal of discontinued operations	-	0.37	0.02	0.84
Basic net (loss) income per share	\$ (0.07)	\$ 1.41	\$ 0.20	\$ 2.67
Weighted average shares outstanding diluted	9,937	11,750	11,029	11,864
Diluted (loss) income per share from continuing operations	\$ (0.05)	\$ 0.96	\$ 0.22	\$ 1.79
Diluted loss per share from discontinued operations	(0.02)	(0.04)	(0.05)	(0.18)
Diluted income per share on disposal of discontinued operations	-	0.33	0.02	0.75

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Diluted net (loss) income per share	\$	(0.07)	\$	1.25	\$	0.19	\$	2.36
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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 Shareholders Equity
Unaudited

	Common Shares Issued		Treasury		Paid-in Capital	Retained Earnings	Total Shareholders Equity
	Shares	Amount	Shares	Amount			
	(In Thousands)						
Balance at January 31, 2008	29,813	\$ 298	19,094	\$ (170,693)	\$ 141,357	\$ 285,629	\$ 256,591
Net income						2,082	2,082
Treasury stock acquired			1,332	(15,496)			(15,496)
Stock based compensation					967		967
Stock options exercised and related tax effects	40	1	(259)	2,344	(14)	-	-