SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

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

For the quarterly period ended May 2, 1998 Commission file number 1-8897

CONSOLIDATED STORES CORPORATION

A Delaware Corporation
IRS No. 06-1119097
1105 North Market Street, Suite 1300
P. O. Box 8985
Wilmington, Delaware 19899
(302) 478-4896

Indicate whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

The number of shares of Common Stock $.01 par value per share, outstanding as of June 5, 1998, was 109,345,962 and there were no shares of Nonvoting Common Stock, $.01 par value per share outstanding at that date.

FORM 10-Q

CONSOLIDATED STORES CORPORATION
QUARTERLY REPORT ON FORM 10-Q

INDEX

CONSOLIDATED STORES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PAR VALUE)

	May 2, 1998	January 31, 1998
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 31,922	$ 41,714
Inventories	1,012,634	910,668
Deferred income taxes	73,525	86,582
Other current assets	91,875	68,510
Total current assets	1,209,956	1,107,474
Property and equipment - net	627,992	613,478
Other assets	24,772	25,429
	$1,862,720	$1,746,381
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 306,001	$ 280,117
Accrued liabilities and income taxes	91,132	173,208
Current maturities of long-term obligations	12,528	71,943
Total current liabilities	409,661	525,268
Long-term obligations	315,088	115,281
Deferred income taxes	72,284	71,290
Commitments and contingencies		
STOCKHOLDERS' EQUITY:		
Preferred stock - authorized 2,000 shares, $.01 par value: none issued		
Common stock - authorized 290,000 shares, $.01 par value; issued 109,219 and 107,796 shares, respectively	1,092	1,078
Nonvoting common stock - authorized 8,000 shares, $.01 par value; none issued		
Additional paid-in capital	364,870	335,038
Retained earnings	699,725	698,426
Total stockholders' equity	1,065,687	1,034,542
	$1,862,720	$1,746,381

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

CONSOLIDATED STORES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER COMMON SHARE DATA)

	Thirteen weeks ended	
	May 2, 1998	May 3, 1997
Net sales	$ 823,302	$ 778,338
Costs and expenses:		
Cost of sales	483,293	460,973
Selling and administrative expenses	334,595	314,820
Interest expense	4,074	4,874
	821,962	780,667
Income (loss) before income taxes	1,340	(2,329)
Income taxes	523	(1,005)
Net income (loss)	$ 817	$ (1,324)
Income (loss) per common share	$ 0.01	$ (0.01)
Income (loss) per common share - diluted	$ 0.01	$ (0.01)
Average common shares outstanding	108,501	107,310
Dilutive effect of stock options	4,826	4,240
Diluted	112,787	111,550

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

CONSOLIDATED STORES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Thirteen weeks ended	
	May 2, 1998	May 3, 1997
OPERATING ACTIVITIES:		
Net income (loss)	$ 817	$ (1,324)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	20,924	19,580
Deferred income taxes	13,232	4,843
Other	18,643	6,849
Change in assets and liabilities	(188,329)	(242,372)
Net cash used in operating activities	(134,713)	(212,424)
INVESTING ACTIVITIES:		
Capital expenditures	(33,531)	(33,125)
Other		326
Net cash used in investing activities	(33,531)	(32,799)
FINANCING ACTIVITIES:		
Proceeds from credit arrangements	140,477	232,745
Proceeds from exercise of stock options	15,539	8,928
Purchase of Mac Frugal's treasury stock		(2,184)
Payments of senior notes and long-term obligations - net	(85)	(77)
Other	2,521	602
Net cash provided by financing activities	158,452	240,014
Decrease in cash and cash equivalents	$ (9,792)	$ (5,209)
Supplemental Disclosure of Cash Flow Information:		
Income taxes paid	$ 40,398	$ 65,198
Interest paid	$ 5,777	$ 6,417

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

CONSOLIDATED STORES CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

The consolidated condensed financial statements included herein have been prepared by the company pursuant to the rules and regulations of the Securities and Exchange Commission. The condensed consolidated balance sheet at May 2, 1998, and the condensed consolidated statements of income and statements of cash flows for the thirteen week period ended May 2, 1998, have been prepared by the Company without audit. In the opinion of management, all adjustments necessary to present fairly the financial position, results of operations, and cash flows at May 2, 1998, and for the thirteen week periods presented have been made. Such adjustments consisted only of normal recurring items.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principals have been omitted or condensed, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that the condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1998. The results of operations for the period ended May 2, 1998, may not necessarily be indicative of the operating results for the full year.

NOTE 2 - BUSINESS COMBINATION

In January 1998, 23,371,639 common shares were issued in exchange for all outstanding common shares of Mac Frugal's Bargains - Close-outs, Inc. (Mac Frugal's) a closeout retailer.

The combination constituted a tax-free reorganization and has been accounted for as a pooling of interests. Accordingly, the accompanying financial statements for the thirteen weeks ended May 3, 1997, have been restated to include the accounts of Mac Frugal's.

In connection with the Mac Frugal's combination the Company recorded a charge in the fourth quarter of 1997 to operating expense of $45,000,000 for direct and other related costs pertaining to the combination. Merger transaction costs were primarily comprised of fees for professional services, severance and similar related costs. Additionally, the Company recorded a $70,000,000 charge to cost of sales in the fourth quarter of 1997 for combination related expenses for discontinued products, inventory consolidation and retail price equalization for the combined inventories.

Details of the merger and other related costs before applicable taxes are as follows:

(In thousands)	Provided for in fiscal 1997	Utilized in 1997	Utilized in 1998	Balance
Inventory charges included in cost of sales	$ 70,000	$ 10,137	$ 52,605	$ 7,258
Merger transaction costs:				
Professional fees and services	15,500	9,028	5,021	1,451
Employee severance/termination costs	22,000	12,002	416	9,582
Other	7,500	725	4,274	2,501
Total merger transaction costs	45,000	21,755	9,711	13,534
	$115,000	$ 31,892	$ 62,316	$ 20,792

CONSOLIDATED STORES CORPORATION AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Management's discussion and analysis has been prepared giving effect to the pooling of interest business combination with Mac Frugal's Bargains - Close-outs, Inc. (Mac Frugal's) on January 16, 1998. Accordingly, the thirteen week period ending May 3, 1997, operating results and cash flows have been restated to reflect the business combination.

The Company's goal is to build upon its leadership position in closeout retailing, a growing segment of the retailing industry, and toy retailing by expanding its market presence in both existing and new markets. The Company believes that the combination of its strengths in merchandising, purchasing, site selection, distribution and cost-containment has made it a low-cost, value retailer well-positioned for future growth.

The Company is the nation's largest closeout retailer and a leading toy retailer with 2,283 stores located in all 50 states and Puerto Rico. The Company operates 1,031 retail closeout stores under the names Odd Lots, Big Lots, Mac Frugal's Bargains - Close-outs, and Pic `N' Save (Closeout Stores) and 1,252 retail toy and closeout toy stores primarily under the names K-B Toys, K-B Toy Works, and K-B Toy Outlet (Toy Stores). The Company is the largest enclosed shopping mall-based toy retailer in the United States. As a value retailer focused on closeout merchandise, the Company seeks to provide the budget-conscious consumer with a broad range of quality, name-brand products at exceptional values. The Company's name-brand closeout merchandise primarily consists of products obtained from manufacturers' excess inventories, which generally result from production overruns, package changes, discontinued products and returns.

The Company has historically experienced, and expects to continue to experience, seasonal fluctuations with a significant percentage of its net sales and income being realized in the fourth fiscal quarter. In addition, the Company's quarterly results can be affected by the timing of store openings and closings, the amount of net sales contributed by new and existing stores and the timing of certain holidays. Quarterly fluctuations in inventory balances are normal reflecting the opportunistic purchases available at any given time and the expansion of the Company's store base. Historically, on a per store basis, inventory levels are lower at the end of the Company's fiscal year and build through the remaining three quarters of the year to a peak level in the third quarter. Accounts payable generally follow a trend similar to inventories.

The following table compares components of the statement of income as a percent of net sales and reflects the number of stores in operation at the end of each period.

CONSOLIDATED STORES CORPORATION AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

	Thirteen weeks ended	
	May 2, 1998	May 3, 1997
Net sales:		
Closeout Stores	67.7%	66.3%
Toy Stores	30.9	32.2
Total Retail	98.6	98.5
Other	1.4	1.5
Total net sales	100.0	100.0
Gross Profit:		
Closeout Stores	43.5	41.6
Toy Stores	37.1	39.8
Total Retail	41.5	41.0
Other	24.9	24.7
Total Gross Profit	41.3	40.8
Selling and administrative expenses	40.6	40.4
Operating profit	0.7	0.4
Interest expense	0.5	0.6
Income (loss) before income taxes	0.2	(0.2)
Income taxes	0.1	
Net income	0.1%	(0.2)%
Retail stores in operation at end of period:		
Closeout	1,031	957
Toy	1,252	1,203
	2,283	2,160

THIRTEEN WEEKS ENDED MAY 2, 1998 COMPARED TO THIRTEEN WEEKS ENDED MAY 3, 1997

NET SALES - Net sales increased to $823.3 million for the thirteen week period ended May 2, 1998, from $778.3 million in the same period of 1997. This 5.8% increase was primarily attributable to the increased number of stores in operation during the comparative periods and a .6% comparable store sales increase.

Net sales and comparable store sales by operating unit were as follows:

CONSOLIDATED STORES CORPORATION AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operating Segment	Thirteen weeks ended May 2, 1998	Thirteen weeks ended May 3, 1997	Percentage Change
	(In thousands)		
Closeout	557,633	516,125	8.0%
Toys	254,496	250,583	1.6
Other	11,173	11,630	(3.9)
	823,302	778,338	5.8%

Comparable store sales:		
Closeout	2.5%	5.7%
Toys	(3.1)	20.2
	0.6%	10.4%

The decline in Toy Stores comparable sales reflects the reduced sales volume associated with certain action figures which occurred in the first quarter of 1997 and price adjustments on video and related products.

GROSS PROFIT - Gross profit increased to $340.0 million in the quarter from $317.4 million in the prior year quarter, an increase of $22.6 million, or 7.1%. As a percentage of net sales, gross profit increased slightly to 41.3% in the 1998 quarter from 40.8% in the previous year quarter. Closeout Stores gross profit percentage was 43.5% compared to 41.6% in the prior year period reflective of a higher initial markup on the mix of inventories at fiscal 1997 year end. Conversely, the decline in Toy Stores gross profit percentage from 39.8% in the 1997 quarter to 37.1% in the first quarter of 1998 is primarily associated to the merchandise mix at fiscal year end which carried a lower initial markup than the prior fiscal year end. Components of gross profit as a percent to each operating segments sales were as follows:

Operating Segment	Thirteen weeks ended May 2, 1998	Thirteen weeks ended May 3, 1997
Closeout	43.5%	41.6%
Toys	37.1	39.8
Other	24.9	24.7
	41.3%	40.8%

SELLING AND ADMINISTRATIVE EXPENSES - Selling and administrative expenses increased 6.3% to $334.6 million in the first quarter of 1998 from $314.8 million in the previous year quarter. This increase is primarily attributable to number of stores in operation. As a percentage of net sales, selling and administrative expenses increased slightly to 40.6% in 1998 from 40.4% in the prior year period.

INTEREST EXPENSE - Interest expense declined 16.3% to $4.1 million in the first quarter of 1998 from $4.9 million in fiscal 1997. The reduction reflects lower weighted average debt levels for borrowings utilized for inventory purchases, seasonal operating requirements, and capital projects in addition to a lower effective interest rate.

CONSOLIDATED STORES CORPORATION AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INCOME TAXES - The effective tax rate of the Company decreased from 43.2% in the 1997 quarter to 39.0% in the first quarter of 1998. The company anticipates a 39.0% effective rate for the balance of fiscal 1998.

CAPITAL RESOURCES AND LIQUIDITY

The primary sources of liquidity for the Company has been cash flow from operations and borrowings under available credit facilities. Net cash used by operations in each of the thirteen week periods ended May 2, 1998, and May 3, 1997, as detailed in the condensed consolidated statements of cash flows, was $134.7 million and $212.4, respectively. This decrease is mainly attributable to the planned reduction of inventory levels.

Capital expenditures in 1998 are expected to be approximately $180 million principally for the anticipated opening of 300 stores plus capital requirements for warehouse expansion and equipment needs.

As necessary, the Company supplemented its capital and operating cash requirements in the first quarter with borrowings under available credit facilities. At May 2, 1998, approximately $313.0 million was available for borrowings under the Company's $600 million Revolving Credit Facility (Revolver) and an additional $87.8 million of uncommitted credit facilities were available, subject to the terms of the Revolver. Subsequent to May 2, 1998, the Company amended its Revolver increasing availability to $700 million for a five year period.

The Company continues to believe that it will have adequate resources to fund ongoing operating requirements and future capital expenditures related to the expansion of existing businesses and development of new projects. Additionally, management is not aware of any current trends, events, demands, commitments, or uncertainties which reasonably can be expected to have a material impact on the liquidity, capital resources, financial position or results of operations of the Company.

IMPACT OF YEAR 2000

The Company has been addressing computer software modifications or replacements to enable transactions to process properly in the year 2000. All necessary changes are anticipated to occur in a timely manner and the cost will not have a significant impact on the ongoing results of operations.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings. Not applicable.

Item 2. Changes in Securities. Not applicable.

Item 3. Defaults Upon Senior Securities. Not applicable.

Item 4. Submission of Matters to Vote of Security Holders.

No matter was submitted during the first quarter of the fiscal year covered by this report to a vote of security holders.

Item 5. Other Information.

The Private Securities Litigation Reform Act of 1995 ("the Act") provides a safe harbor for forward-looking statements made by or on behalf of the Company. Certain statements contained in Management's Discussion and Analysis and in other Company filings are forward-looking statements. These statements discuss among other things, expected growth, future revenues, future cash flows and future performance. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof. The Company undertakes no obligation to republish revised forward-looking statements to reflect the occurrence of unanticipated events.

Readers are also urged to carefully review and consider the various disclosures made by the Company which attempt to advise interested parties of the factors which affect the Company's business, including Management's Discussion and Analysis of Financial Condition and Results of Operations included in this report, as well as, the Company's periodic reports on Forms 10-K and 8-K filed with the Securities and Exchange Commission.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

Exhibit	Topic
27	Financial Data Schedule

(b) Reports on Form 8-K.

Date	Topic
March 17, 1998	Post-Merger financial results for the merger between a subsidiary of Consolidated and Mac Frugal's Bargains - Close-outs, Inc. on January 16, 1998, which was accounted for as a pooling of interests.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CONSOLIDATED STORES CORPORATION

(Registrant)

Dated: June 9, 1998

By: /s/ Michael J. Potter

Michael J. Potter, Executive Vice President, Chief Financial Officer, and Principal Accounting Officer

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL DATA EXTRACTED FROM CONSOLIDATED STORES CORPORATION AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS FILED IN FORM 10Q AS OF MAY 2, 1998, AND THE THIRTEEN WEEK PERIOD THEN ENDED, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS
JAN-30-1999
FEB-01-1998
MAY-02-1998
31,922
0
0
0
1,012,634
1,209,956
1,023,924
395,932
1,862,720
409,661
315,088
0
0
1,092
1,064,595
1,862,720
823,302
823,302
483,293
334,595
0
0
4,074
1,340
523
817
0
0
0
817
0.01
0.01