FORM 8-K/A

Current report filing [amend]

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FILER

VALUE CITY DEPARTMENT STORES INC /OH

CIK:**874444**| IRS No.: **311322832** | State of Incorp.:**OH** | Fiscal Year End: **0130**
Type: **8-K/A** | Act: **34** | File No.: **001-10767** | Film No.: **98669846**
SIC: **5331** Variety stores

Mailing Address
3241 WESTERVILLE RD
COLUMBUS OH 43224

Business Address
3241 WESTERVILLE RD
COLUMBUS OH 43224
6144714722

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

FORM 8-KA
Amendment No. 1

Current Report
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 8, 1998 Closing Date

VALUE CITY DEPARTMENT STORES, INC.
(Exact name of registrant as specified in its charter)

OHIO
(State or other jurisdiction of incorporation)

1-10767	NO. 31-1322832
(Commission File Number)	(IRS Employer Identification No.)

3241 WESTERVILLE ROAD, COLUMBUS, OHIO	43224
(Address of principal executive offices)	(Zip Code)

(614) 471-4722
(Registrant's telephone number, including area code)

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ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements.

The following financial statements for the acquired business are filed herewith:

Shonac Corporation and Subsidiary: Report on Audits of Consolidated Financial Statements for the fiscal years Ended January 3, 1998 and January 4, 1997.

Shonac Corporation and Subsidiary: Consolidated Financial Statements for the three months ended April 4, 1998 and April 5, 1997 (unaudited).

(b) Pro Forma Financial Information.

The following unaudited proforma condensed consolidated financial statements are filed with this report:

Pro Forma Condensed Consolidated Balance Sheet as of May 2, 1998

Pro Forma Condensed Consolidated Statements of Income;
Nine Months Ended May 2, 1998
Fiscal Year Ended August 2, 1997

(c) Exhibits.

2.1* Stock Purchase Agreement entered into as of May 1, 1998 between the Company and Schottenstein Stores Corporation ("SSC") and Nacht Management Inc.

2.2* Asset Purchase Agreement entered into as of May 1, 1998 between the Company and Valley Fair Corporation, an affiliate of SSC.

23 Consent of PricewaterhouseCoopers LLP

* Included with, and incorporated herein by reference to, the Registrant's Current Report on Form 8-K dated May 8, 1998.

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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 hereunto duly authorized.

VALUE CITY DEPARTMENT STORES, INC.
(Registrant)

By /s/ Robert M. Wysinski

Robert M. Wysinski, Senior Vice President,
Chief Financial Officer, Treasurer
And Secretary *

Date: July 21, 1998

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* Mr. Wysinski is the principal financial officer and has been duly authorized to sign on behalf of the registrant.

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SHONAC CORPORATION AND SUBSIDIARY
REPORT ON AUDITS OF CONSOLIDATED FINANCIAL STATEMENTS

for the fiscal years ended January 3, 1998 and January 4, 1997

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders and
the Board of Directors of
Shonac Corporation

We have audited the accompanying consolidated balance sheets of Shonac Corporation and Subsidiary as of January 3, 1998 and January 4, 1997, and the related consolidated statements of income, stockholders' equity, and cash flows for the years ended January 3, 1998 and January 4, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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 consolidated financial position of Shonac

Corporation and Subsidiary as of January 3, 1998 and January 4, 1997 and the results of their operations and their cash flows for the years ended January 3, 1998 and January 4, 1997 in conformity with generally accepted accounting principles.

/s/COOPERS & LYBRAND L.L.P.

Columbus, Ohio
March 13, 1998

SHONAC CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS, as of January 3, 1998 and January 4, 1997

ASSETS

<TABLE>
<CAPTION>

<S>	<C>	<C>
Current assets:	1997	1996
Accounts and notes receivable:		
Affiliates (Note 6)	$ 1,078,403	$ 27,381
Other	885,866	1,298,635
Inventories (Note 1)	79,664,615	65,986,945
Prepaid expenses and advances	580,818	214,102
Deferred taxes	6,012,615	4,993,951
Total current assets	88,222,317	72,521,014
Notes receivable:		
Affiliates (Note 6)	1,195,707	956,262
Property and equipment, at cost (Note 1):		
Fixtures and equipment	12,734,272	13,273,373
Leasehold improvements	13,753,077	10,581,981
Building and improvements	681,185	694,422
	27,168,534	24,549,776
Less accumulated depreciation and amortization	11,822,466	11,561,053
	15,346,068	12,988,723
Fixtures in progress	178,728	115,908
Land	125,041	125,041
	15,649,837	13,229,672
Deferred taxes	977,966	743,900
Other assets (Note 6)	3,433,575	3,196,038
	$109,479,402	$ 90,646,886

</TABLE>

Continued

CONSOLIDATED BALANCE SHEETS, Continued

LIABILITIES AND STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>

	1997	1996
<S>	<C>	<C>
Current liabilities:		
Notes payable, bank	$ 5,800,000	$ 5,100,000
Notes payable, affiliate		261,746
Accounts payable, trade	37,321,698	27,052,722
Federal income taxes payable	1,098,778	1,420,508
Payable to affiliate (Note 6)	4,934,031	4,491,589
Accrued expenses	4,702,355	6,123,425
Total current liabilities	53,856,862	44,449,990
Other liabilities	341,158	227,158
Stockholders' equity:		
Common stock, no-par value, $1.00 stated value; 500 shares authorized, 410.5048 shares issued and outstanding	411	411
Capital contributed in excess of stated value	674,690	674,690
Retained earnings	54,606,281	45,294,637
Total stockholders' equity	55,281,382	45,969,738
	$109,479,402	$ 90,646,886

</TABLE>

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

CONSOLIDATED STATEMENTS OF INCOME

for the years ended January 3, 1998 and January 4, 1997

<TABLE>
<CAPTION>

	1997	1996
<S>	<C>	<C>
Net sales	$ 299,397,124	$ 248,181,393
Cost of sales	180,125,587	146,991,973
	119,271,537	101,189,420
Selling and administrative expenses	103,889,406	88,849,936
	15,382,131	12,339,484
Interest expense, net	867,226	696,979
Income before income taxes	14,514,905	11,642,505
Income taxes (Notes 1 and 4):		
Federal:		
Current	5,475,000	3,711,034
Deferred	(1,049,920)	466,783
	4,425,080	4,177,817
State and local:		
Current	980,991	746,402
Deferred	(202,810)	42,067
	778,181	788,469
	5,203,261	4,966,286
Net income	$ 9,311,644	$ 6,676,219

</TABLE>

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

for the years ended January 3, 1998 and January 4, 1997

<TABLE>
<CAPTION>

	Common Stock	Capital Contributed in Excess of Stated Value	Retained Earnings	Total

Balance, December 31, 1996	$411	$674,690	$38,618,418	$39,293,519
Net income			6,676,219	6,676,219
Balance, January 4, 1997	411	674,690	45,294,637	45,969,738
Net income			9,311,644	9,311,644
Balance, January 3, 1998	$411	$674,690	$54,606,281	$55,281,382

</TABLE>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended January 3, 1998 and January 4, 1997

<TABLE>
<CAPTION>

	1997	1996
Cash provided from operating activities:		
Net income	$ 9,311,644	$ 6,676,219
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	3,030,851	2,526,971
Deferred income taxes	(1,252,730)	508,850
Loss on disposal of property and equipment	363,934	165,930
Change in assets and liabilities:		
Accounts and notes receivable	(638,253)	(572,190)
Inventories	(13,677,670)	(17,524,645)
Prepaid expenses and advances	(366,716)	(125,445)
Accounts payable, trade	11,917,976	5,197,810
Federal income taxes payable	(321,730)	380,156
Payable to affiliate	442,442	2,074,151
Accrued expenses	(1,421,070)	(171,699)
Other liabilities	114,000	127,158
Net cash provided by (used in) operating activities	7,502,678	(736,734)

Cash flows from financing activities:		
Cash overdraft	(1,649,000)	2,395,000
(Decrease) increase in note payable - affiliate	(261,746)	261,746
Increase in note payable - bank	700,000	5,100,000
Net cash (used) provided by financing activities	(1,210,746)	7,756,746

</TABLE>

Continued

CONSOLIDATED STATEMENTS OF CASH FLOWS, continued

<TABLE>
<CAPTION>

	1997	1996
<S>	<C>	<C>
Cash flows from investing activities:		
Additions to property and equipment	$(6,121,900)	$(8,161,433)
Increase in other assets	(237,537)	(356,014)
Proceeds from sale of property and equipment	306,950	183,176
Increase in notes receivable	(239,445)	(315,729)
Net cash used for investing activities	(6,291,932)	(8,650,000)
Change in cash and cash equivalents	- 0 -	(1,629,988)
Cash and cash equivalents, beginning of year	- 0 -	1,629,988
Cash and cash equivalents, end of year	-0 -	$ -0-
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 994,767	$ 557,578
Income taxes paid	$ 6,848,677	$ 3,956,901

</TABLE>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES:

The following is a summary of certain significant accounting policies followed in the preparation of the consolidated financial statements. The policies conform to generally accepted accounting principles and have been consistently applied. Other significant accounting policies are disclosed in other notes to the consolidated financial statements.

FISCAL YEAR:

The fiscal year 1996 is the 53-week reporting period ended January 4, 1997. The fiscal year 1997 is the 52-week reporting period ended January 3, 1998. To conform with the retail industry practice, the Company is using the National Retail Federation's (NRF) monthly periods.

ORGANIZATION:

Shonac Corporation and Subsidiary (The Company) operates retail shoe stores and licensed departments. The Company is affiliated with Schottenstein Stores Corporation, which owns 50% of the Company's common stock.

PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the accounts of Shonac Corporation and its subsidiary. All significant intercompany transactions are eliminated.

CASH AND CASH EQUIVALENTS:

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At January 3, 1998, and January 4, 1997, there were no significant concentrations of cash deposited with any single commercial bank.

INVENTORIES:

Merchandise inventories are valued at the lower of cost or market, using the retail method.

Continued

PROPERTY AND EQUIPMENT:

Depreciation and amortization are recognized using the straight-line method in amounts adequate to amortize costs over the estimated useful lives of the respective assets. Fixtures and equipment are generally depreciated over 5-10 years. Leasehold improvements are amortized over the shorter of the lease term, including renewal options, or the estimated life of the improvement, not to exceed 10 years. The building is depreciated over 31-1/2 years.

Expenditures for maintenance, repairs and minor renewals are charged to operating expenses as incurred; major renewals and betterments are capitalized. Items of property and equipment disposed of are removed from the asset and accumulated depreciation or amortization accounts, and any profit or loss from disposition is included in operations.

INCOME TAXES:

The Company uses Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of the assets and liabilities using enacted tax rates.

ADVERTISING:

The Company expenses advertising costs as incurred. Advertising expense was $13,891,747 in 1997 and $11,145,000 in 1996.

COMPENSATED ABSENCES:

The Company accounts for the cost of vacation and sick pay over the period the related employee services are performed.

Continued

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

PRE-OPENING AND CLOSING EXPENSES:

Expenses incurred in connection with the opening of new stores are charged to expense as incurred. Costs associated with the closing of operating units are provided when management determines to close such units. Direct costs associated with the closing of retail units charged against income were $- 0 - in 1997 and $730,000 in 1996 and are included in selling and administrative expenses. As of January 3, 1998 and January 4, 1997, the aggregate reserves for closing costs were $965,000 and $1,985,000, respectively, and are included in accrued expenses.

During 1997 and 1996, three and four retail units, respectively, were closed with aggregate sales of approximately $2,306,000 in 1997 and $2,909,000 in 1996. An additional three retail units, with aggregate 1997 sales of $3,579,583, are scheduled to be closed during 1998.

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.

ADOPTION OF NEW ACCOUNTING STANDARD:

During March 1995, the Financial Accounting Standards Board issued SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of. The statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that full recoverability is questionable. Management evaluates the recoverability of long-lived assets and several factors are used in the valuation including, but not limited to, management's plans for future operations, recent operating results and projected cash flows. The Company adopted SFAS No. 121 in 1996, the adoption of which did not have a material effect on the results of operations or financial condition.

Continued

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

RECLASSIFICATIONS:

Certain prior-year amounts have been reclassified to conform to the current-year financial statement presentation.

2. NOTES PAYABLE, BANK:

At January 3, 1998 and January 4, 1997, the Company had a $30,000,000 and $20,000,000, respectively, unsecured line of credit, due on demand bearing interest either at prime (8.50% at January 3, 1998 and 8.25% at January 4, 1997) or LIBOR plus 2%. The outstanding balance on the line was $5,800,000 at January 3, 1998 and $5,100,000 at January 4, 1997.

3. LEASES:

The Company's policy for financial accounting and reporting for lease agreements is consistent with the standards established by the Financial Accounting Standards Board. The Company has leases covering real property and equipment, some of which contain renewal options. The leases generally provide that the Company shall pay for insurance, taxes and maintenance. Some of the leases provide for contingent rentals determined on the basis of percentage of sales and some leases have escalation clauses. Management expects that, in the normal course of business, leases that expire will be renewed.

In addition, the Company has license agreements for licensed departments based on a percentage of sales with various adjustments for such costs as payroll and advertising.

The future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms longer than one year as of January 3, 1998 are as follows:

<TABLE>
<CAPTION>

Fiscal Year	Operating Leases	Sublease Rentals	Net Obligation
<S>	<C>	<C>	<C>
1998	$ 14,000,096	$ 72,000	$ 13,928,096
1999	15,309,963	72,000	15,237,963
2000	14,335,548	60,000	14,275,548
2001	13,380,899		13,380,899
2002	11,865,137		11,865,137
Later years	85,693,374		85,693,374
Total minimum lease payments	$ 154,585,017	$ 204,000	$ 154,381,017

</TABLE>

Continued

Composition of rental expense for the years ended January 3, 1998 and January 4, 1997 is as follows:

	1997	1996
Minimum and monthly rentals	$10,062,988	$ 6,253,593
Contingent rentals	465,446	175,578
Licensed department license fees	16,923,176	14,817,645
Sublease rentals	(72,000)	(94,167)
	$27,379,610	$ 21,152,649

4. INCOME TAXES:

At January 3, 1998 and January 4, 1997, the Company had net deferred tax assets of $6,990,000 and $5,737,851, respectively.

Deferred assets reflect the tax benefit of temporary differences arising from basis differences in property and equipment, inventory, store closing reserves and state and local tax accruals.

Effective tax rates differ from the anticipated statutory federal income tax rate of 34%. Reconciliation between the statutory federal tax rate and the effective tax rates based upon pretax income is as follows:

	1997	1996
Statutory rate	34.0%	34.0%
Increase (decrease) in taxes resulting from:		
State and local taxes, net	(2.0)	(1.8)
Non-deductible meals expense	.3	1.0
Officers' life insurance premiums	(.1)	.3
Other	.2	.3
Subtotal	32.4	33.8
Deferred tax account estimate adjustments	(2.0)	2.1
Effective tax rate - federal	30.4	35.9
Effective tax rate - state	5.4	6.8
	35.8%	42.7%

Continued

5. RETIREMENT PLAN:

The Company participates in a 401(k) savings plan (the Plan) sponsored by Schottenstein Stores Corporation, a related party (see Note 6).

Full-time employees who have attained twenty and one-half years of age and have completed one year of service can contribute up to 15 percent of their salaries to the Plan on a pretax basis, subject to the IRS limitations. The Company will match up to three percent of the participant's eligible compensation. Additionally, the Company contributes a discretionary profit sharing amount to the Plan each year. Expenses incurred under the Plan were $191,000 in 1997 and $144,000 in 1996.

6. RELATED PARTY TRANSACTIONS:

Schottenstein Stores Corporation (SSC), an affiliate, and various corporations and partnerships owned and controlled by the Schottenstein family are parties to numerous licenses and lease transactions with the Company.

Nacht Management Company Limited Partnership (NM), an affiliate, provides management and/or consulting services for the Company. The Company pays NM 3.5% of their wholesales sales, 3% of their retail sales, and 30% of income before taxes for the services provided. Effective August 1, 1997, the fees charged to the Company were changed to 2.25% of wholesale sales, 2.25% of retail sales and 30% of income before taxes for the services provided. In addition, certain administrative services are provided to the Company by SSC.

Continued

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

Significant related party transactions for the years ended January 3, 1998 and January 4, 1997 are as follows:

<TABLE>
<CAPTION>

<S>	<C> 1997	<C> 1996
Leased department license fees to SSC	$16,923,176	$14,817,645
Management fees to NM	14,290,049	13,129,648
Administrative fees charged by SSC	2,120,264	2,008,682
Insurance costs charged by SSC	760,356	662,591
Interest expense to related parties	62,314	8,779
Interest income from related parties	853	1,366
Rental income from NM	727,198	723,851

Balances due to and from related parties at January 3, 1998 and January 4,1997 are as follows:

	1997	1996
Net payable to SSC		$ 468,566
Net receivable from SSC	$ 1,064,537	
Receivable from officers, employees and shareholders	13,866	983,643
Security deposit with NM, included in other assets	500,000	500,000
Net payable to NM	4,836,501	3,972,170
Note payable, affiliate		261,746
Payable to employees	97,497	50,853

</TABLE>

Continued

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

The Company paid life insurance premiums on behalf of certain of its shareholders during 1997 and 1996. Such premiums are to be reimbursed to the Company from the proceeds of the related insurance policies upon the death of an officer/shareholder. The Company had recorded these payments as noninterest-bearing notes receivable from shareholders as follows:

<TABLE>
<CAPTION>

<S>	January 3, 1998 <C>	January 4, 1997 <C>
Noninterest bearing notes	$2,789,000	$ 2,326,000
Less unamortized discount based on imputed interest rate of 8.50%	1,593,000	1,370,000
Notes receivable less unamortized discount	$ 1,196,000	$ 956,000

</TABLE>

7. LITIGATION:

The Company is involved in several claims in the ordinary course of business. Management, after discussion with counsel, is of the opinion that the claims will be resolved without significant impact to the financial condition or operations of the Company.

8. LETTERS OF CREDIT:

Letters of credit are conditional commitments issued on behalf of customers to pay third parties in accordance with specified terms and conditions. At January 3, 1998 and January 4, 1997, the Company had outstanding letters of credit of $5,129,000 and $4,872,000, respectively, not reflected in the accompanying consolidated financial statements.

Continued

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
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9. DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following method and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Current assets and current liabilities

The carrying value of accounts receivable, accounts payable, accrued expenses, and notes payable approximates fair value because of their short maturity.

10. SUBSEQUENT EVENT:

On March 12, 1998, the Company announced that a letter of intent has been signed by its shareholders that provides that all of the outstanding common shares of the Company's stock will be purchased by Value City Department Stores, Inc., an affiliate of SSC.

The purchase price related to this transaction is $100 million. The acquisition is subject to the execution of definitive agreements and approval by the Buyer's independent directors.

SHONAC CORPORATION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
for the quarters ended April 4, 1998 and April 5, 1997

SHONAC CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS, as of April 4, 1998 and April 5, 1997
(unaudited)

<TABLE>
<CAPTION>

	1998	1997
ASSETS		
<S>	<C>	<C>
Current assets:		
Accounts and notes receivable:		
Affiliates	$ 3,636,466	$ 2,780,592
Other	1,713,454	619,107
Inventories	97,444,884	68,781,768
Prepaid expenses and advances	865,205	222,978
Deferred taxes	6,082,823	4,985,650
Total current assets	109,742,832	77,390,095
Property and equipment, net	15,882,891	14,908,587
Deferred taxes	1,158,634	949,649
Notes receivable, affiliate	1,232,719	1,082,435
Other assets	3,533,346	3,280,735
Total assets	$131,550,422	$ 97,611,501
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable, bank	$ 22,500,000	$ 16,451,056
Accounts payable, trade	45,404,756	24,713,295
Federal income taxes payable	941,363	814,111
Payable to affiliate	753,531	941,649
Accrued expenses	5,523,080	7,695,323
Total current liabilities	75,122,730	50,615,434
Other liabilities	389,253	277,158
Stockholders' equity:		
Common stock, no-par value, $1.00 stated value; 500 shares authorized, 410.5048 shares issued and outstanding	411	411
Capital contributed in excess of stated value	674,690	674,690
Retained earnings	55,363,338	46,043,808
Total stockholders' equity	56,038,439	46,718,909
Total liabilities and stockholders' equity	$131,550,422	$ 97,611,501

</TABLE>

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

CONSOLIDATED STATEMENTS OF INCOME

for the three months ended April 4, 1998 and April 5, 1997
(unaudited)

<TABLE>
<CAPTION>

	1998	1997
Net sales	$72,344,357	$61,459,340
Cost of sales	45,735,749	38,069,947
	26,608,608	23,389,393
Selling and administrative expenses	25,165,808	21,933,427
	1,442,800	1,455,966
Interest expense, net	179,623	195,043
Income before income taxes	1,263,177	1,260,923
Income taxes	506,120	511,752
Net income	$ 757,057	$ 749,171

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

for the three months ended April 4, 1998 and April 5, 1997
(unaudited)

	Common Stock	Capital Contributed in Excess of Stated Value	Retained Earnings	Total
Balance, January 4, 1997	$ 411	$ 674,690	$45,294,637	$45,969,738
Net income			749,171	749,171
Balance, April 5, 1997	$ 411	$ 674,690	$46,043,808	$46,718,909
Balance, January 3, 1998	$ 411	$ 674,690	$54,606,281	$55,281,382
Net income			757,057	757,057
Balance, April 4, 1998	$ 411	$ 674,690	$55,363,338	$56,038,439

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the three months ended April 4, 1998 and April 5, 1997
(unaudited)

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>
Cash provided from operating activities:		
Net income	$757,057	$749,171
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	815,459	403,824
Deferred income taxes	(250,876)	(197,448)
Change in assets and liabilities:		
Accounts and notes receivable	(3,385,651)	(2,073,683)
Inventories	(17,780,269)	(2,794,823)
Prepaid expenses and advances	(284,386)	(8,876)
Accounts payable, trade	6,035,900	(2,667,334)
Federal income taxes payable	(157,415)	(606,397)
Payable to affiliate	(4,180,500)	(3,499,087)
Accrued expenses	820,725	1,521,045
Other liabilities	48,095	50,000
Net cash used in operating activities	(17,561,861)	(9,123,608)
Cash flows from financing activities:		
Cash overdraft	2,047,158	66,160
Increase in note payable - bank and affiliate	16,700,000	11,351,056
Net cash provided by financing activities	18,747,158	11,417,216
Cash flows from investing activities:		
Additions to property and equipment	(1,048,514)	(2,082,739)
Increase in other assets	(99,771)	(84,697)
Increase in notes receivable	(37,012)	(126,172)
Net cash used for investing activities	(1,185,297)	(2,293,608)
Change in cash and cash equivalents	- 0 -	- 0 -
Cash and cash equivalents, beginning		

of year	- 0 -	- 0 -
Cash and cash equivalents, end of period	$ - 0 -	$ - 0 -

</TABLE>

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

SHONAC CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED APRIL 4, 1998 AND APRIL 5, 1997

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of Shonac Corporation (Shonac) and its wholly owned subsidiary. These entities are herein referred to collectively as the "Company." The Company operates the shoe departments in a full-line off-price department store chain and also operates free standing shoe stores under the name of "DSW Shoe Warehouse" and "Crown Shoes."

The interim consolidated financial statements are unaudited and accordingly, should be read in conjunction with the financial statement disclosures contained in the audited Consolidated Financial Statements for the fiscal years ended January 3, 1998 and January 4, 1997. In the opinion of management, the accompanying consolidated financial statements reflect all adjustments necessary (which are of a normal recurring nature) to present fairly the financial position and results of operations and cash flows for the interim periods presented, but are not necessarily indicative of the results of operations for a full fiscal year.

2. INCOME TAXES

The effective tax rate for the three months ended April 4, 1998 was 40.0%. The effective tax rate for the three months ended April 5, 1997 was 40.6%. The 0.6% reduction is due to the utilization of tax credit carry forwards.

3. YEAR 2000 COMPLIANCE

The Company's merchandise, warehouse management and general ledger systems are not yet year 2000 compliant. The Company intends to replace its merchandise system with purchased software which is year 2000 compliant. The total cost of the new systems will be approximately $1.2 million and implementation is scheduled for 1999. Program modifications to make the warehouse management system year 2000 compliant are scheduled for fall of 1998 and will cost approximately $0.1 million. The general ledger package will become year 2000 compliant after a standard upgrade is completed in fall of 1998 at minimal cost.

The failure of the Company, Value City Department Stores, Inc., or any of their significant suppliers or business partners to successfully address the year 2000 compliance issue could potentially have a material adverse affect on the business and financial performance of the Company or Value City Department Stores, Inc.

SHONAC CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED APRIL 4, 1998 AND APRIL 5, 1997

This report contains a "forward-looking statement," made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, relating to the Company's expectations concerning the implementation of year 2000 compliant computer systems. Investors are cautioned that such expectations involve risks and uncertainties that could cause actual results to differ materially from the anticipated results, including, without limitations, the possible inability to completely or successfully instal such systems on a timely basis, and other risks detailed in other filings with the Securities and Exchange Commission by Value City Department Stores, Inc.

4. SUBSEQUENT EVENT

At a closing on May 8, 1998, 99.9% of the common stock of the Company was acquired by Value City Department Stores, Inc. ("VCDS"). The purchase price for the acquisition was $99.9 million. The Company has been the shoe licensee in all VCDS stores since the Company's inception in 1969.

The acquisition is being accounted for as a purchase and is effective as of May 3, 1998. The Company's $30.0 million credit facility was replaced with participation in VCDS's new $185.0 million unsecured revolving credit facility. The facility has a three-year term and generally bears interest at a floating rate of LIBOR plus 1.5%. The interest rate on $40.0 million has been locked in at a fixed rate of 7.395% for a three-year period under a SWAP agreement. The terms of the credit facility require VCDS to comply with certain restrictive covenants and financial ratio tests; maintain minimum consolidated tangible net worth and consolidated total debt to consolidated adjusted earnings before interest, taxes, depreciation and amortization ratios; and, limits the amount of annual capital expenditures.

VALUE CITY DEPARTMENT STORES, INC.
PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

On May 8, 1998, Value City Department Stores, Inc.(the "Company") purchased 99.9% of the common stock of Shonac Corporation ("Shonac") from Nacht Management, Inc. and Schottenstein Stores Corporation ("SSC"), pursuant to that certain Stock Purchase Agreement, dated as of May 1, 1998. SSC owns approximately 62% of the Company's outstanding common stock. The Company also acquired the store operations of Valley Fair Corporation ("Valley Fair") from SSC. Shonac has operated, as Licensee, the shoe departments in the Company's department stores since Shonac's inception in 1969. Shonac also operates a chain of free-standing retail shoe outlets located throughout the United States, principally under the name DSW Shoe Warehouse. Valley Fair operates two department stores located in Irvington and Little Ferry, New Jersey. The Company has been a licensee of certain departments in these two stores for 18 years. The negotiated purchase price for Shonac and Valley Fair was $108.4 million. The acquisitions, effective as of May 3, 1998, were funded by cash provided by operations and approximately $87.9 million from the Company's new long-term revolving bank credit facility. The aggregate amount available under the bank facility is $185.0 million.

The pro forma condensed consolidated balance sheet as of May 2, 1998 assumes the acquisitions took place on that date and is based on the Company's unaudited historical balance sheet, as reported on Form 10-Q for the respective period, and Shonac's and Valley Fair's unaudited historical balance sheets as of May 2, 1998. The pro forma adjustments eliminate the Shonac and Valley Fair assets and liabilities not acquired, record the pro forma purchase price of $108.4 million and allocate the pro forma purchase price to the assets acquired and the liabilities assumed based on their estimated fair market values on date of acquisition. The pro forma adjustments relating to the acquisition represent the Company's preliminary determinations of purchase accounting adjustments based on available information and certain assumptions that the Company considers reasonable under the circumstances. The acquisition has been accounted for under the purchase method of accounting.

The pro forma condensed consolidated statement of income for the nine months ended May 2, 1998 includes the Company's unaudited historical statement of income, as reported on Form 10-Q for the respective period, and Shonac's and Valley Fair's unaudited historical statements of income for the nine months ended May 2, 1998. Shonac's statement of income was derived from its historical statement of income for the year ended January 3, 1998 and its unaudited historical statement of income for the three months ended April 4, 1998 (copies included with this filing) adjusted for the appropriate number of months needed to present a comparable period with that of the Company. The pro forma condensed consolidated statement of income for the year ended August 2, 1997 includes the Company's audited historical results, as reported on Form 10-K405 for the respective period, and Shonac's and Valley Fair's unaudited historical statements of income for the twelve months ended August 2, 1997. Shonac's statement of income was derived from its historical

statements of income for the years ended January 3, 1998 and January 4, 1997 (copies included with this filing) adjusted for the appropriate number of months needed to present a comparable period with that of the Company. The pro forma adjustments to both income statements reflect the impact of the transaction as if it had occurred on August 4, 1996.

These pro forma condensed consolidated financial statements have been prepared for information purposes only and are not necessarily indicative of the future financial position or future results of the Company's operations or of the financial position or results of operations of the Company that would have actually occurred had the transaction been in effect as of the date or for the periods presented. The accompanying pro forma condensed consolidated financial statements should be read in conjunction with the historical financial statements of the Company and the historical financial statements of Shonac included with this filing.

VALUE CITY DEPARTMENT STORES, INC.
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AS OF MAY 2, 1998
(unaudited)
(In thousands)

<TABLE>
<CAPTION>

	Historical				
	Value City Department Stores, Inc.	Valley Fair	Shonac Corporation	Pro Forma Adjustments (Note 1)	Pro Forma Consolidated
ASSETS					
<S>	<C>	<C>	<C>	<C>	
Current assets:					
Cash and equivalents	$ 43,359	$ 12,019		$ (35,272)	$ 20,106
Accounts receivable, net	4,269	741	$ 2,737	(2,180)	5,567
Inventories	254,821	8	97,160	--	351,989
Other current assets	16,545	220	7,223	(101)	23,887
Total current assets	318,994	12,988	107,120	(37,553)	401,549
Property and equipment, net	147,185	3,124	$ 15,935	(2,199)	164,045
Other assets	17,857	1,675	2,501	10,718	32,751
Goodwill and tradenames	--	--	--	42,810	42,810

Total assets	$ 484,036	$17,787	$ 125,556	$ 13,776	$ 641,155
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 86,946	$ 178	$ 43,404	$ (155)	$ 130,373
Accounts payable to affiliates	15,356	--	108	(1,439)	14,025
Notes payable, bank	--	--	20,200	(20,200)	--
Accrued expenses	43,184	1,477	6,260	(1,330)	49,591
Current maturities of long-term obligations	2,199	--	--	--	2,199
Total current liabilities	147,685	1,655	69,972	(23,124)	196,188
Long-term obligations, net of current maturities	55,700	--	--	108,100	163,800
Deferred income taxes and other noncurrent liabilities	4,027	29	487	--	4,543
Shareholders' equity					
Common shares	111,971	102	--	(102)	111,971
Contributed capital	11,428	6	675	(681)	11,428
Retained earnings	156,887	15,995	54,422	(70,417)	156,887
Deferred compensation expense, net	(833)	--	--	--	(833)
Treasury shares, at cost	(2,829)	--	--	--	(2,829)
Total shareholders' equity	276,624	16,103	55,097	(71,200)	276,624
Total liabilities and shareholders' equity	$ 484,036	$17,787	$ 125,556	$ 13,776	$ 641,155

</TABLE>

See notes to the pro forma condensed financial statements.

VALUE CITY DEPARTMENT STORES, INC.
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED MAY 2, 1998
(unaudited)
(in thousands, except per share amounts)

<TABLE>
<CAPTION>

	Historical				
	Value City Department Stores, Inc.	Valley Fair	Shonac Corporation	Pro Forma Adjustments (Note 2)	Pro Forma Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Net owned sales	$ 822,401		$ 247,421		$ 1,069,822
Cost of sales	(521,916)		(150,669)	$ 675	(671,910)
Selling, general and administrative expenses	(292,024)	$ (3,640)	(88,268)	16,958	(366,974)
License fees from affiliates and other operating income (expense)	21,589	4,338	1,109	(15,232)	11,804
Operating profit	30,050	698	9,593	2,401	42,742
Interest expense, net	(1,996)	202	(736)	(7,013)	(9,543)
Gain (loss) on disposal of assets, net	1,605	3,924	(53)	(3,924)	1,552
Equity in loss of joint venture	(918)	--	--	--	(918)

Income before provision for income taxes	28,741	4,824	8,804	(8,536)	33,833
Provision for income taxes	(11,309)	(1,978)	(3,068)	2,047	(14,308)
Net income	$ 17,432	$ 2,846	$ 5,736	$ (6,489)	$ 19,525
Weighted average shares outstanding	31,931				31,931
Weighted average shares outstanding including common stock equivalents	32,155				32,155
Basic earnings per share	$ 0.55				$ 0.61
Diluted earnings per share	$ 0.54				$ 0.61

</TABLE>

See notes to the pro forma condensed financial statements.

VALUE CITY DEPARTMENT STORES, INC.
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE FISCAL YEAR ENDED AUGUST 2, 1997
(unaudited)
(in thousands, except per share amounts)

<TABLE>
<CAPTION>

	Historical				
	Value City Department Stores, Inc.	Valley Fair	Shonac Corporation	Pro Forma Adjustments (Note 2)	Pro Forma Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Net owned sales	$ 1,073,399		$ 272,587		$ 1,345,986
Cost of sales	(697,822)		(161,393)	$ 900	(858,315)
Selling, general and administrative expenses	(385,511)	$ (4,473)	(96,767)	18,757	(467,994)
License fees from affiliates and other operating income (expense)	20,447	5,484	(308)	(18,570)	7,053
Operating profit	10,513	1,011	14,119	1,087	26,730
Interest expense, net	(5,126)	346	(836)	(9,306)	(14,922)
Amortization of excess net assets over cost	927	--	--	--	927
Gain (loss) on disposal of assets, net	161	--	(135)	--	26
Income before provision for income taxes	6,475	1,357	13,148	(8,219)	12,761
Provision for income taxes	(2,524)	(556)	(5,543)	3,227	(5,396)
Net income	$ 3,951	$ 801	$ 7,605	$ (4,992)	$ 7,365
Weighted average shares outstanding	31,740				31,740
Weighted average shares outstanding including common stock equivalents	32,017				32,017
Basic earnings per share	$ 0.12				$ 0.23
Diluted earnings per share	$ 0.12				$ 0.23

</TABLE>

See notes to the pro forma condensed financial statements.

VALUE CITY DEPARTMENT STORES, INC.
NOTES TO PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(in thousands)

NOTE 1

The pro forma adjustments to the condensed consolidated balance sheet reflect the purchase of Shonac and Valley Fair, the elimination of assets and liabilities not acquired, the allocation of the pro forma purchase price to the assets acquired and liabilities assumed based on the fair market value at date of acquisition, and the elimination of intercompany balances.

<TABLE>
<CAPTION>

	Balances Not Acquired	Pro Forma Purchase Price Allocation	Intercompany Balances	Total
ASSETS				
Cash and equivalents	$(11,887)	$(23,385) (a)		$(35,272)
Accounts receivable, net	(741)		$(1,439) (c)	(2,180)
Inventories	(101)			(101)
Property and equipment	(2,199)			(2,199)
Other assets	(1,590)	12,308 (b)		10,718
Goodwill and tradenames		42,810 (b)		42,810
	(16,518)	31,733	(1,439)	13,776
LIABILITIES & EQUITY				
Accounts payable	(155)			$ (155)
Accounts payable to affiliates			(1,439) (c)	(1,439)
Notes payable		(20,200) (a)		(20,200)
Accrued expenses	(1,330)			(1,330)
Long-term obligations		108,100 (a)		108,100
Common stock	(102)			(102)
Additional paid in capital	(681)			(681)
Retained earnings	(70,417)			(70,417)
	(72,685)	87,900	(1,439)	13,776
Total	$(56,167)	$56,167	$ 0	$ 0

</TABLE>

(a) The pro forma purchase price of $108.4 million was funded by $20.5 million in cash provided by operations and $87.9 million from the Company's new $185.0 million three-year unsecured revolving bank credit facility. In conjunction with the acquisition, the Company replaced its $100 million credit facility (with no direct borrowings outstanding) and Shonac's $30.0 million facility (with $20.2 million direct borrowings outstanding) with the new $185.0 million credit facility. The facility has a three year term and generally bears interest at a floating rate of LIBOR plus 1.5%. The interest rate on $40.0 million has been locked in at a fixed annual rate of 7.395% for a three-year period under a SWAP agreement. The terms of the credit facility require the Company to comply with certain restrictive covenants and financial ratio tests; maintain minimum consolidated tangible net worth and consolidated total debt to consolidated adjusted earnings before interest, taxes, depreciation and amortization ratios; and, limits the amount of annual capital expenditures. The Company also paid $2.9 million of costs directly associated with acquiring the new credit facility. These costs were capitalized as other assets in relation to this transaction.

(in thousands)

(b) Adjustment to reflect the fair market value of intangible assets acquired including $4.4 million for termination and non-compete agreements between the Company and SSC and Nacht Management, Inc.; $5.0 million for a favorable lease right; $13.9 million for tradenames; and $28.9 million for goodwill. Other assets also includes $2.9 million in capitalized costs relating to acquiring the new credit facility.

(c) To eliminate receivables and payables between the Company and Shonac and Valley Fair resulting from Shonac operating as licensee in all of the Company's shoe departments and the Company operating as licensee in the Valley Fair stores.

NOTE 2

The pro forma condensed consolidated statements of income reflect the following adjustments:
<TABLE>
<CAPTION>

	SSC and Nacht Expenses		Intercompany Balances		Other Pro-forma Adjustments		Total
<S>	<C>		<C>		<C>		<C>
NINE MONTHS ENDED MAY 2, 1998:							
Cost of Sales	$ 675	(a)					$ 675
Selling, general and administrative expenses	5,518	(a)	$ 15,103	(b)	(3,663)	(d)	16,958
License fees from affiliates and other operating income (expense)	(129)	(a)	(15,103)	(b)			(15,232)
Interest expense, net	(198)	(a)			(6,815)	(c)	(7,013)
Gain on disposal of assets, net	(3,924)	(a)					(3,924)
Provision for income taxes	(22)	(a)			2,069	(e)	2,047
Total	$ 1,920		$ 0		$ (8,409)		$ (6,489)
FISCAL YEAR ENDED AUGUST 2, 1997:							
Cost of Sales	$ 900	(a)					$ 900
Selling, general and administrative expenses	5,075	(a)	$ 18,436	(b)	$ (4,754)	(d)	18,757
License fees from affiliates							

and other operating income (expense)	(134)	(a)	(18,436)	(b)			(18,570)
Interest expense, net	(219)	(a)			(9,087)	(c)	(9,306)
Provision for income taxes	(49)	(a)			3,276	(e)	3,227
Total	$ 5,573		$0		$ (10,565)		$ (4,992)

</TABLE>

(a) To eliminate certain payroll paid to members of the Nacht family and the cost of management and consulting services paid to Nacht Management, Inc. by Shonac as well as certain administrative services provided by SSC to both Shonac and Valley Fair that would not have been incurred had Shonac and Valley Fair been owned and operated by the Company. Also eliminates income and expenses related to portions of Valley Fair's operations that were not included as part of the acquisition.

(b) To eliminate amounts paid by Shonac in the form of license fee income to the Company resulting from Shonac operating as licensee in all of the Company's shoe departments and to eliminate amounts paid by the Company to Valley Fair resulting from the Company operating as licensee in the two Valley Fair stores.

VALUE CITY DEPARTMENT STORES, INC.
NOTES TO PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(in thousands)

(c) To record additional interest costs related to the new bank agreement entered into as a result of the purchase of Shonac. In conjunction with the acquisition, the Company replaced its $100.0 million credit facility and Shonac's $30.0 million facility with a new $185.0 million unsecured revolving credit facility. The facility has a three year term and generally bears interest at a floating rate of LIBOR plus 1.5%. The interest rate on $40.0 million has been locked in at a fixed annual rate of 7.395% for a three year period under a SWAP agreement. Also included in interest expense is a $75,000 annual fee for the credit facility and $0.9 million per year amortization in relation to the $2.9 million of direct costs capitalized in association with acquiring the new credit facility.

(d) To record amortization of termination and non-compete agreements between the Company and SSC and Nacht Management, Inc. over the 4 year contract term, amortization of the favorable lease over its estimated life of 28.5 years and amortization of goodwill and tradenames over their estimated lives of 15 years. Also records building rental expense on one Valley Fair store. The building was owned by Valley Fair but was not acquired by the Company in the acquisition; instead, the Company entered into a lease for use of the building.

(e) To record the income tax provision associated with the pro forma adjustments at the marginal tax rate of 42.3%.

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Value City Department Stores, Inc. on Form S-8 (File Nos. 33-44207, 33-50198, 33-55348, 33-55350 33-78586, 33-80588, 33-92966, 333-15957 and 333-15961) of our report dated March 13, 1998, on our audits of the consolidated financial statements of Shonac Corporation and Subsidiary as of January 3, 1998 and January 4, 1997 and for the years then ended which report is included in this Form 8-KA.

/s/ PricewaterhouseCoopers LLP

Columbus, Ohio
July 21, 1998