FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended October 31, 2003

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 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 Number)
2875 Needmore Road, Dayton, Ohio	45414
(Address of principal executive offices)	(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, 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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

At the close of business on December 10, 2003, the registrant had 10,958,815 shares of Common Stock, par value $.01 per share, outstanding.

REX STORES CORPORATION AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

REX STORES CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

A S S E T S

	October 31 2003 Unaudited	January 31 2003	October 31 2002 Unaudited
	(In Thousands)		
CURRENT ASSETS:			
Cash and cash equivalents	$ 1,503	$ 1,380	$ 1,495
Accounts receivable, net	1,551	3,413	626
Synthetic fuel receivable	655	6,619	5,592
Merchandise inventory	155,354	142,063	167,616
Prepaid expenses and other	2,704	2,567	3,282
Future income tax benefits	10,350	10,350	12,614
Total current assets	172,117	166,392	191,225
PROPERTY AND EQUIPMENT, NET	131,560	134,563	136,280
OTHER ASSETS	2,596	1,656	-
FUTURE INCOME TAX BENEFITS	6,070	6,070	7,320
SYNTHETIC FUEL ESCROW	7,886	-	-
RESTRICTED INVESTMENTS	2,253	2,241	2,237
Total assets	$ 322,482	$ 310,922	$ 337,062

LIABILITIES AND SHAREHOLDERS' EQUITY

	October 31 2003 Unaudited	January 31 2003	October 31 2002 Unaudited
CURRENT LIABILITIES:			
Notes payable	$ 18,901	$ 13,451	$ 21,829
Current portion of long-term debt	7,708	5,657	4,845
Current portion of deferred income and deferred gain on sale and leaseback	10,985	11,107	11,154
Accounts payable, trade	34,690	27,417	46,075
Accrued income taxes	1,371	-	3,005
Accrued payroll	4,885	6,750	5,209
Other current liabilities	8,449	8,669	9,349
Total current liabilities	86,989	73,051	101,466
LONG-TERM LIABILITIES:			
Long-term mortgage debt	57,752	64,426	66,493
Deferred income	12,632	13,993	13,679
Deferred gain on sale and leaseback	-	348	497
Total long-term liabilities	70,384	78,767	80,669
SHAREHOLDERS' EQUITY:			
Common stock	281	277	277
Paid-in capital	123,677	121,282	119,082
Retained earnings	168,026	157,640	148,557
Treasury stock	(126,875)	(120,095)	(112,989)
Total shareholders' equity	165,109	159,104	154,927
Total liabilities and shareholders' equity	$ 322,482	$ 310,922	$ 337,062

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	
	2003	2002	2003	2002
	(In Thousands, Except Per Share Amounts)			
NET SALES	$96,556	$95,743	$283,404	$282,349
COSTS AND EXPENSES:				
Cost of merchandise sold	67,869	66,825	198,521	196,847
Selling, general and administrative expenses	26,111	25,716	78,012	76,733
Total costs and expenses	93,980	92,541	276,533	273,580
INCOME FROM OPERATIONS	2,576	3,202	6,871	8,769
INVESTMENT INCOME	14	16	54	299
INTEREST EXPENSE	(1,275)	(1,388)	(3,773)	(4,238)
GAIN ON SALE OF REAL ESTATE	393	-	779	-
INCOME FROM LIMITED PARTNERSHIPS	3,733	3,854	9,916	13,494
Income before provision for income taxes	5,441	5,684	13,847	18,324
PROVISION FOR INCOME TAXES	1,360	1,410	3,461	4,475
NET INCOME	$ 4,081	$ 4,274	$ 10,386	$ 13,849
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC	10,819	12,179	10,820	12,333
BASIC NET INCOME PER SHARE	$ 0.38	$ 0.35	$ 0.96	$ 1.12
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED	12,866	13,791	12,608	14,482
DILUTED NET INCOME PER SHARE	$ 0.32	$ 0.31	$ 0.82	$ 0.96

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				
	Shares	Amount	Shares	Amount	Paid-in Capital	Retained Earnings	Total Shareholders' Equity
				(In Thousands)			
Balance at January 31, 2003	27,746	$277	16,607	$120,095	$121,282	$157,640	$159,104
Net income	-	-	-	-	-	10,386	10,386
Treasury stock acquired	-	-	651	7,415	-	-	(7,415)
Stock options exercised and related tax effects	371	4	(87)	(635)	2,395	-	3,034
Balance at October 31, 2003	28,117	$281	17,171	$126,875	$123,677	$168,026	$165,109

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 October 31 2003	2002
	(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 10,386	$ 13,849
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, net	3,039	3,246
Income of limited partnerships	(9,916)	(13,494)
(Gain) Loss on disposal of fixed assets	(713)	81
Deferred income	(1,360)	(2,130)
Changes in assets and liabilities:		
Accounts receivable	1,862	493
Merchandise inventory	(13,292)	(66,599)
Other current assets	(138)	(732)
Other long term assets	(940)	-
Accounts payable, trade	7,273	13,457
Other current liabilities	(715)	1,015
NET CASH USED IN OPERATING ACTIVITIES	(4,514)	(50,814)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(2,486)	(1,663)
Proceeds from sale of partnership interest	7,995	9,448
Proceeds from sale of real estate and fixed assets	2,693	1,108
Restricted investments	(12)	(15)
NET CASH PROVIDED BY INVESTING ACTIVITIES	8,190	8,878
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in notes payable	5,451	21,763
Payments of long-term debt	(4,623)	(10,878)
Stock options exercised and related tax effects	2,399	2,384
Treasury stock issued	635	372
Treasury stock acquired	(7,415)	(9,651)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(3,553)	3,990
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	123	(37,946)
CASH AND CASH EQUIVALENTS, beginning of period	1,380	39,441
CASH AND CASH EQUIVALENTS, end of period	$ 1,503	$ 1,495

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

REX STORES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

October 31, 2003

Note 1. Consolidated Condensed Financial Statements

The consolidated condensed financial statements included in this report have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission and include, in the opinion of management, all adjustments necessary to state fairly the information set forth therein. Any such adjustments were of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these unaudited consolidated condensed financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended January 31, 2003 (fiscal 2002). The results of operations for the interim periods are not necessarily indicative of the results to be expected for the year.

Note 2. Accounting Policies

The interim consolidated condensed financial statements have been prepared in accordance with the accounting policies described in the notes to the consolidated financial statements included in the Company's 2002 Annual Report on Form 10-K. While management believes that the procedures followed in the preparation of interim financial information are reasonable, the accuracy of some estimated amounts is dependent upon facts that will exist or calculations that will be accomplished at fiscal year end. Examples of such estimates include changes in the LIFO reserve (based upon the Company's best estimate of inflation to date), management bonuses and the provision for income taxes. Any adjustments pursuant to such estimates during the quarter were of a normal recurring nature. The provision for income taxes could vary based upon full year synthetic fuel production levels, federal income tax law changes and Internal Revenue Service audits.

The Company accounts for vendor allowances in accordance with Emerging Issues Task Force (EITF) 02-16 "Accounting by a Customer for Certain Consideration Received from a Vendor," which addresses how and when to reflect consideration received from vendors in the consolidated financial statements. Vendors often fund, up front, certain advertising costs and exposure to general changes in pricing to customers due to technological change. Allowances are deferred as received from vendors and recognized into income as an offset to the cost of merchandise sold when the related product is sold or expense incurred. Advertising costs are expensed as incurred.

Cost of sales includes the cost of merchandise, markdowns and inventory shortage, receiving, warehousing and freight charges to get merchandise to retail stores, service repair bills as well as cash discounts and rebates. The Company classifies purchasing costs as selling and administrative expenses. Due to this classification, the Company's gross margins may not be comparable to those of other retailers that include costs related to their distribution network in selling and administrative expense.

The Company includes stores expenses (such as payroll and occupancy costs), advertising, buying, depreciation, insurance, and overhead costs in selling and administrative expenses.

Interest expense of $3,773,000 for the nine months ended October 31, 2003 is net of approximately $65,000 of interest capitalized. Total interest expense approximated interest paid for the first nine months of fiscal 2003. Interest expense of $4,238,000 for the nine months ended

October 31, 2002 includes approximately $248,000 for loan fee write-offs related to early termination of mortgage loans resulting in actual interest paid of approximately $3,990,000.

The Company paid income taxes of approximately $1,605,000 and $3,015,000 for the nine months ended October 31, 2003 and 2002, respectively.

Note 3. Recently Issued Accounting Standards

In November 2002, the Financial Accounting Standards Board issued Emerging Issues Task Force No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables." EITF No. 00-21 addresses when and how an arrangement involving multiple deliverables should be divided into separate units of accounting, as well as how the arrangement consideration should be measured and allocated to the separate units of accounting in the arrangement. The Company adopted the provisions of EITF No. 00-21 during the third quarter of fiscal 2003 with no material impact to the Company's financial statements.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" which requires the consolidation of certain types of entities. The Interpretation applies immediately to variable interest entities created or acquired after January 31, 2003. The Interpretation is effective for interim periods beginning after June 15, 2003 for an enterprise that has variable interest entities acquired prior to February 1, 2003. The Company adopted the new Interpretation, as required, but such adoption did not have a material impact on the financial statements as the Company does not have an investment in Variable Interest Entities.

Note 4. Stock Option Plans

The Company has stock-based compensation plans under which stock options are granted to officers, directors and key employees at the market price on the date of the grant.

The following summarizes options granted, exercised and canceled or expired during the nine months ended October 31, 2003:

Outstanding at January 31, 2003 ($3.61 to $16.04 per share)..........	6,735,594
Issued ($12.04 to $13.01 per share)................................	363,220
Exercised ($3.61 to $10.14 per share)..............................	(459,805)
Canceled or expired ($5.11 to $14.745 per share).....................	(35,000)
Outstanding at October 31, 2003 ($3.61 to $16.04 per share)..........	6,604,009

Pursuant to SFAS No. 123, "Accounting for Stock-Based Compensation," the Company has elected to account for its employee stock option plans under APB Opinion No. 25, "Accounting for Stock Issued to Employees," which recognizes expense based on the intrinsic value at date of grant. As stock options have been issued with exercise prices equal to grant date fair value, no compensation cost has resulted. Had compensation cost for all options granted been determined based on the fair value at grant date consistent with SFAS No. 123, the Company's net earnings and earnings per share would have been as follows:

		Three Months Ended October 31		Nine Months Ended October 31	
		2003	2002	2003	2002
Net Income	As Reported	$4,081	$4,274	$10,386	$13,849
	Compensation Cost	664	934	2,086	2,754
	Pro forma	3,417	3,340	8,300	11,095
Basic net income per share	As Reported	$ 0.38	$ 0.35	$ 0.96	$ 1.12
	Compensation Cost	.06	.08	.19	.22
	Pro forma	0.32	0.27	0.77	0.90
Diluted net income per share	As Reported	$ 0.32	$ 0.31	$ 0.82	$ 0.95
	Compensation Cost	.05	.07	.16	.19
	Pro forma	0.27	0.24	0.66	0.76

The assumptions used to calculate the fair value of options granted are evaluated and revised, as necessary, to reflect market conditions and experience.

Note 5. Net Income Per Share

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

	Three Months Ended October 31, 2003			Nine Months Ended October 31, 2003		
	Income	Shares	Per Share	Income	Shares	Per Share
Basic net income per share	$4,081	10,819	$0.38	$10,386	10,820	$0.96
Effect of stock options		2,047			1,788	
Diluted net income per share	$4,081	12,866	$0.32	$10,386	12,608	$0.82

	Three Months Ended October 31, 2002			Nine Months Ended October 31, 2002		
	Income	Shares	Per Share	Income	Shares	Per Share
Basic net income per share	$4,274	12,179	$0.35	$13,849	12,333	$1.12
Effect of stock options		1,612			2,149	
Diluted net income per share	$4,274	13,791	$0.31	$13,849	14,482	$0.95

For the three months ended October 31, 2003 and 2002, a total of 337,136 shares and 349,936 shares, respectively, and for the nine months ended October 31, 2003 and 2002, a total of 667,136 and 349,936 shares, respectively, subject to outstanding options were not included in the common equivalent shares outstanding calculation as the exercise prices were above the average trading price of the Company's common stock for that period.

On February 11, 2002, the Company effected a 3-for-2 stock split. The year-to-date per share data shown above has been retroactively restated to reflect this split.

Note 6. Synthetic Fuel

Net income for the third quarter and first nine months of fiscal 2003 reflects approximately $3.7 million and $9.9 million, respectively, of pre-tax investment income from the sales of the Company's entire Partnership interest in Colona SynFuel Limited Partnership, L.L.L.P., a synthetic fuel limited partnership. The Internal Revenue Service is presently auditing this limited partnership. Approximately $2.2 million and $6.0 million of the payments due the Company and reported as income during the fiscal 2003 third quarter and first nine months, respectively, relating to sales of certain portions of the limited partnership interest is being held in escrow pending the results of the IRS audit. Subsequent payments relating to certain of these sales will also be held in escrow pending the results of the IRS audit. During the third quarter of fiscal 2003, the Company substituted a Letter of Credit for $4.4 million to Colona and received proceeds of $4.4 million from the escrowed funds. The amount to be held in escrow is approximately $7.9 million at October 31, 2003. Both the escrowed money and Letter of Credit amount totaling $12.3 million is at risk if there is an unfavorable IRS ruling. The Letter of Credit guarantees the Company's own performance. The Company has classified the escrowed money as a long-term asset at October 31, 2003. The timing of the completion of the audit has not been determined.

On September 5, 2002, the Company closed on its purchase of a plant located in Gillette, Wyoming designed and constructed for the production of synthetic fuel, which qualifies for tax credits under Section 29 of the Internal Revenue Code. The Company has obtained a Private Letter Ruling from the IRS which would allow the disassembly, and reconstruction, of the facility at a yet to be determined host site. The previously disclosed letter of intent as to the potential relocation and commercialization of the plant has been terminated. The Company has completed the disassembly of the plant and remains obligated to remove it from its existing site at a currently estimated total cost of $2.4 million, including related expenses. Through October 31, 2003, approximately $2.0 million has been spent on this project, with an additional $0.5 million being held in escrow to guarantee the Company's future performance. The total of $2.5 million is classified as a long-term asset on the balance sheet. While this acquisition may result in the future production of synthetic fuel, there can be no assurances that this facility will ever be placed into commercial operation, and if not placed into commercial operation this asset could be deemed impaired.

In July, 2003, the Internal Revenue Service (IRS) issued Announcement 2003-46, stating it has reason to question the scientific validity of testing procedures and results related to Section 29 income tax credits. The notice also announced that it would suspend the issuance of new rulings until its review is complete and that rulings could be revoked if the IRS did not determine that the test procedures demonstrate a significant chemical change between the feedstock coal and the synthetic fuel.

Colona SynFuel Limited Partnership, L.L.L.P. advised the Company that in October 2003, the National Office of the IRS concluded that the experts, engaged by Colona who test the synthetic fuel for chemical change, used reasonable scientific methods to reach their conclusions. The Company has been informed by Colona that the National Office will not take any adverse action on the private letter ruling that has been issued for the Colona facility. A written decision memorializing the National Office's conclusions should be available within approximately the next two months. At that time, the IRS field auditors will have the right to ask for reconsideration of the National Office's decision. Although this is a significant event, the audit of the Colona facility is not yet completed. This determination applies only to the Colona facility in which the Company has sold its interest but is still receiving pre-tax investment income.

The Company also owns an interest in another synthetic fuel partnership, Somerset SynFuel, L.P., for which the Company continues to receive tax credits. The IRS has notified the parent company of the general partner of Somerset SynFuel, L.P. of its intention to audit the synthetic fuel operations of the parent company's subsidiaries as part of its normal audit program for the parent company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

We are a specialty retailer in the consumer electronics/appliance industry. As of October 31, 2003 we operated 248 stores in 37 states, predominantly in small to medium-sized markets under the trade name "REX".

Fiscal Year

All references in this report to a particular fiscal year are to REX's fiscal year ended January 31. For example, "fiscal 2003" means the period February 1, 2003 to January 31, 2004.

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:

	Three Months Ended October 31		Nine Months Ended October, 31	
	2003	2002	2003	2002
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of merchandise sold	70.3	69.8	70.1	69.7
Gross profit	29.7	30.2	29.9	30.3
Selling, general and administrative expenses	27.0	26.9	27.5	27.2
Income from operations	2.7	3.3	2.4	3.1
Investment income	-	-	-	0.1
Interest expense	(1.3)	(1.4)	(1.3)	(1.5)
Gain on sale of real estate	0.4	-	0.3	-
Income from limited partnerships	3.8	4.0	3.5	4.8
Income before provision for income taxes	5.6	5.9	4.9	6.5
Provision for income taxes	1.4	1.4	1.2	1.6
Net income	4.2%	4.5%	3.7%	4.9%

Comparison of Three and Nine Months Ended October 31, 2003 and 2002

Net sales in the third quarter ended October 31, 2003 were $96.6 million compared to $95.7 million in the prior year's third quarter, representing an increase of $0.8 million or 0.8%. This increase was primarily due to an increase in comparable store sales of 2.0% for the third quarter of fiscal 2003. This increase was partially offset by a reduction of seven stores since the end of the third quarter of fiscal 2002. We consider a store to be comparable after it has been open for six full fiscal quarters. Comparable store sales comparisons do not include sales of extended service contracts.

The strongest product category for the Company for the third quarter of fiscal 2003 was televisions which positively impacted comparable store sales by 4.6%. This increase was primarily caused by increased demand for high definition ready large screen televisions. The appliance category positively impacted comparable store sales for the quarter by 0.2%. All other major product categories negatively impacted comparable store sales with the audio category impact being 1.1%, the other category being 0.9% and the video category being 0.8%.

Net sales for the first nine months of fiscal 2003 were $283.4 million compared to $282.3 million for the first nine months of fiscal 2002, representing an increase of $1.1 million or 0.4%. Comparable store sales increased 2.1% for the first nine months of fiscal 2003. There was a net decrease of seven stores since the end of the third quarter of fiscal 2002.

The strongest product category for the Company for the first nine months of fiscal 2003 was the television category which positively impacted comparable store sales by 8.4%. This increase was primarily caused by increased demand for high definition ready large screen televisions. All other major product categories negatively impacted comparable store sales with the video category impact being 2.3%, the appliance category being 1.6%, the audio category being 1.3% and the other category being 1.1%.

The following table reflects the approximate percent of net sales for each major product group for the periods presented.

	Three Months Ended October 31		Nine Months Ended October 31	
Product Category	2003	2002	2003	2002
Televisions	53.5%	50.2%	50.6%	44.9%
Appliances	20.3	20.4	21.6	23.5
Audio	11.4	12.6	12.9	14.4
Video	7.1	8.1	6.9	8.0
Other	7.7	8.7	8.0	9.2
	100.0%	100.0%	100.0%	100.0%

As of October 31, 2003, we had 248 stores compared to 255 stores one year earlier. We did not open any stores and closed four stores during the first nine months of fiscal 2003. We did not open any stores and closed seven stores during the first nine months of fiscal 2002.

Gross profit of $28.7 million (29.7% of net sales) in the third quarter of fiscal 2003 was approximately $0.2 million lower than the $28.9 million (30.2% of net sales) recorded in the third quarter of fiscal 2002. Gross profit for the first nine months of fiscal 2003 was $84.9 million (29.9% of net sales) compared to $85.5 million (30.3% of net sales) for the first nine months of fiscal 2002. Gross profit margin has been reduced both due to more aggressive promotional activity and recognizing a reduced amount of extended service contract sales which generally have higher gross profit margin associated with it.

Selling, general and administrative expenses were $26.1 million (27.0% of net sales) for the third quarter of fiscal 2003 compared to $25.7 million (26.9% of net sales) for the third quarter of fiscal 2002.

This represents an increase of $0.4 million or 1.5%. Selling, general and administrative expenses were $78.0 million (27.5% of net sales) for the first nine months of fiscal 2003 compared to $76.7 million (27.2% of net sales) for the comparable period of fiscal 2002. This is an increase of $1.3 million or 1.7% for the first nine months of fiscal 2003. The increase in expenditures was primarily due to increased cost of commissioning to the sales staff.

Interest expense was $1.3 million (1.3% of net sales) for the third quarter of fiscal 2003, a reduction of $0.1 million from the $1.4 million (1.4% of net sales) for the third quarter of fiscal 2002. Interest expense was $3.8 million (1.3% of net sales) for the first nine months of fiscal 2003 compared to $4.2 million (1.5% of net sales) for the first nine months of fiscal 2002. The first nine months of fiscal 2002 includes a charge of approximately $250,000 for early extinguishment of mortgage loans of $7.0 million. For the current year we have had higher borrowing costs on the line of credit due to on average higher outstanding borrowings. This has been offset by lower interest cost from mortgage debt due to lower outstanding borrowings and on average lower interest rates on the variable rate mortgage loans.

During the third quarter of fiscal 2003, we sold two properties for a gain of approximately $393,000. This related to the one store closed during the third quarter and another store that was closed earlier in the fiscal year. During the first quarter of fiscal 2003, we sold one property for a gain of approximately $386,000. We had previously closed this store and leased it to an unrelated party.

Results for the third quarter and first nine months of fiscals 2003 and 2002 also reflect the impact of our equity investment in two limited partnerships, Colona SynFuel Limited Partnership, L.L.L.P., and Somerset SynFuel, L.P., which produce synthetic fuels. We remain a limited partner in the Somerset limited partnership but have sold our ownership interest in the Colona limited partnership through a series of three sales. Effective February 1, 1999, we entered into an agreement to sell a portion of our investment in the Colona limited partnership, which resulted in the reduction in our ownership interest from 30% to 17%. Effective July 31, 2000, we sold an additional portion of our ownership interest in that partnership, reducing our ownership percentage from 17% to 8%. Effective May 31, 2001, we sold our remaining 8% ownership interest. We expect to receive payments from the sales on a quarterly basis through 2007, which will range from 74.25% to 82.5% of the federal income tax credits attributable to the interest sold. This partnership is currently being audited by the Internal Revenue Service. Proceeds related to the July 31, 2000 and May 31, 2001 sales are now being put into escrow pending the results of the audit. During the third quarter of fiscal 2003, we delivered a $4.4 million Letter of Credit to Colona and received proceeds of $4.4 million from the escrowed funds. The Letter of Credit guarantees our own performance. The amount to be held in escrow, net of the $4.4 million received, is approximately $7.9 million at October 31, 2003. All proceeds have been reported as income whether received or put into escrow. Below is a table summarizing the income from the sales, net of certain expenses. The lower income for the current year generally reflects lower production levels compared to the previous year.

	Three Months Ended October 31		Nine Months Ended October 31	
	2003	2002	2003	2002
	(In Thousands)			
February 1, 1999	$1,489	$1,666	$3,955	$5,365
July 31, 2000 sale	1,188	1,350	3,139	4,050
May 31, 2001 sale	1,056	838	2,822	3,711
	$3,733	$3,854	$9,916	$13,126

Net income for the first nine months of fiscal 2002 also reflects pre-tax income, net of expenses, of approximately $0.4 million from the settlement of a previously filed lawsuit relating to our participation as a limited partner in Somerset SynFuel, L.P. As part of the settlement, which was effected without the admission of liability by any party, the Company entered into an Amended and Restated Agreement of Limited Partnership which facilitates future production of synthetic fuel.

Our effective tax rate was 25.0% and 24.8% for the third quarter of fiscals 2003 and 2002, respectively, and 25.0% and 24.4% for the first nine months of fiscals 2003 and 2002, respectively, after reflecting our share of federal income tax credits earned by the Somerset limited partnership under Section 29 of the Internal Revenue Code.

In July, 2003, the Internal Revenue Service (IRS) issued Announcement 2003-46, stating it has reason to question the scientific validity of testing procedures and results related to Section 29 income tax credits. The notice also announced that it would suspend the issuance of new rulings until its review is complete and that rulings could be revoked if the IRS did not determine that the test procedures demonstrate a significant chemical change between the feedstock coal and the synthetic fuel.

Colona SynFuel Limited Partnership, L.L.L.P. advised us that in October 2003, the National Office of the IRS concluded that the experts, engaged by Colona who test the synthetic fuel for chemical change, use reasonable scientific methods to reach their conclusions. We have been informed by Colona that the National Office will not take any adverse action on the private letter ruling that has been issued for the Colona facility. A written decision memorializing the National Office's conclusions should be available within approximately the next two months. At that time, the IRS field auditors will have the right to ask for reconsideration of the National Office's decision. Although this is a significant event, the audit of the Colona facility is not yet completed. This determination applies only to the Colona facility in which the Company has sold its interest but continues to receive pre-tax investment income.

The IRS has notified the parent company of the general partner of Somerset SynFuel, L.P. of its intention to audit the synthetic fuel operations of the parent company's subsidiaries as part of its normal audit program for the parent company.

As a result of the foregoing, net income for the third quarter of fiscal 2003 was $4.1 million, a 4.5% decrease from $4.3 million for the third quarter of fiscal 2002. Net income for the first nine months of fiscal 2003 was $10.4 million, a 25.0% decrease from $13.8 million for the first nine months of fiscal 2002.

Liquidity and Capital Resources

Net cash used in operating activities was approximately $4.5 million for the first nine months of fiscal 2003, compared to $50.8 million for the first nine months of fiscal 2002. For the first nine months of fiscal 2002, cash was provided by net income of $10.4 million, adjusted for the impact of $9.9 million for gains on our installment sales of the limited partnership interest, non-cash items of $1.7 million which consisted of deferred income and depreciation and amortization and $0.7 million gain on disposal of fixed assets. The primary use of cash was an increase in inventory of $13.3 million primarily due to seasonal fluctuations. The other use of cash was an increase in other assets of $1.1 million. Cash was provided by an increase in accounts payable of $7.3 million due to the increase in inventory and the timing of purchases and payments to vendors. Cash was also provided by a decrease in accounts receivable of $1.9 million.

At October 31, 2003, working capital was $85.1 million compared to $93.3 million at January 31, 2003. The ratio of current assets to current liabilities was 2.0 to 1 at October 31, 2003 and 2.3 to 1 at January 31, 2003.

During the first nine months of fiscal 2003, we received proceeds of $8.0 million from installment sales of our portion of our ownership interest in a limited partnership, including $4.4 million received from escrow funds after we substituted a letter of credit for the funds. We also received proceeds of $2.7 million from the sale of three closed store locations. We had capital expenditures of approximately $2.5 million during the first nine months of fiscal 2003, primarily for the addition in process to the warehouse in Dayton, Ohio.

Cash provided by financing activities totaled approximately $3.6 million for the first nine months of fiscal 2003. Cash was provided by increased borrowings of approximately $5.5 million on the line of credit. We received proceeds of approximately $2.7 million from the exercise of stock options by employees and directors. We also booked a tax benefit of approximately $300,000 during the first nine months of fiscal 2003 from the exercise of non-qualified stock options as an increase in additional paid-in capital. Cash of $4.6 million was used for scheduled payments of mortgage debt. Cash of approximately $7.4 million was also used to acquire 650,000 shares of our common stock. We currently have approximately 170,500 authorized shares remaining under the stock buy-back program.

Recently Issued Accounting Standards

In November 2002, the Financial Accounting Standards Board issued Emerging Issues Task Force No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables." EITF No. 00-21 addresses when and how an arrangement involving multiple deliverables should be divided into separate units of accounting, as well as how the arrangement consideration should be measured and allocated to the separate units of accounting in the arrangement. The Company adopted the provisions of EITF No. 00-21 during the third quarter of fiscal 2003 with no material impact to the Company's financial statements.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" which requires the consolidation of certain types of entities. The Interpretation applies immediately to variable interest entities created or acquired after January 31, 2003. The Interpretation is effective for interim periods beginning after June 15, 2003 for an enterprise that has variable interest entities acquired prior to February 1, 2003. The Company adopted the new Interpretation, as required, but such adoption did not have a material impact on the financial statements as the Company does not have an investment in Variable Interest Entities.

Forward-Looking Statements

This Form 10-Q contains or may contain 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(a) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2003 (File No. 0-13283).

Item 3. Quantitative and Qualitative Disclosures About Market Risk

No material changes since January 31, 2003.

Item 4. Controls and Procedures

The Company's management evaluated, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company's disclosure controls and procedures, as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There were no changes in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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

(a) Exhibits. The following exhibits are filed with this report:

31 Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32 Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K.

On September 4, 2003, the Company filed a Form 8-K reporting under Item 12 the issuance of a press release announcing financial results for the fiscal quarter ended July 31, 2003.

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.

REX STORES CORPORATION
Registrant

December 11, 2003	STUART A. ROSE Stuart A. Rose Chairman of the Board (Chief Executive Officer)
December 11, 2003	DOUGLAS L. BRUGGEMAN Douglas L. Bruggeman Vice President, Finance and Treasurer (Chief Financial Officer)

Exhibit 31

CERTIFICATIONS

I, Stuart A. Rose, certify that:

1. I have reviewed this quarterly report on Form 10-Q of REX Stores Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 11, 2003

STUART A. ROSE
Stuart A. Rose
Chairman of the Board and
Chief Executive Officer

I, Douglas L. Bruggeman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of REX Stores Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 11, 2003

DOUGLAS L. BRUGGEMAN
Douglas L. Bruggeman
Vice President, Finance and Treasurer
Chief Financial Officer

Exhibit 32

REX Stores Corporation

CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officers of REX Stores Corporation (the "Company") hereby certify, to their knowledge, that the Company's Quarterly Report on Form 10-Q for the period ended October 31, 2003, which this certificate accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained therein fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

STUART A. ROSE
Stuart A. Rose

DOUGLAS L. BRUGGEMAN
Douglas L. Bruggeman

Dated: December 11, 2003