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 July 31, 2002

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 ( )

At the close of business on September 12, 2002, the registrant had 12,239,590 shares of Common Stock, par value $.01 per share, outstanding.

REX STORES CORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

REX STORES CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

A S S E T S

	July 31 2002 Unaudited	January 31 2002 (In Thousands)	July 31 2001 Unaudited
ASSETS:			
Cash and cash equivalents	$ 10,039	$ 39,441	$ 2,822
Accounts receivable, net	548	1,120	1,605
Synthetic fuel receivable	3,327	1,545	1,125
Merchandise inventory	138,860	101,017	160,235
Prepaid expenses and other	3,073	2,554	3,752
Future income tax benefits	12,614	12,614	9,837
Total current assets	168,461	158,291	179,376
PROPERTY AND EQUIPMENT, NET	136,940	139,496	134,118
FUTURE INCOME TAX BENEFITS	7,320	7,320	9,523
RESTRICTED INVESTMENTS	2,232	2,222	2,200
Total assets	$314,953	$307,329	$325,217

LIABILITIES AND SHAREHOLDERS' EQUITY

	July 31 2002	January 31 2002	July 31 2001
CURRENT LIABILITIES:			
Notes payable	$ 65	$ 66	$ 9,448
Current portion of long-term debt	4,783	5,012	5,272
Current portion of deferred income and deferred gain on sale and leaseback	11,096	11,790	11,477
Accounts payable, trade	41,138	32,619	52,223
Accrued income taxes	2,847	1,373	-
Accrued payroll	4,914	5,856	4,706

Liabilities and Shareholders' Equity (Continued)

Other current liabilities	9,454	9,319	9,246
Total current liabilities	74,297	66,035	92,372
LONG-TERM LIABILITIES:			
Long-term mortgage debt	67,723	77,203	84,744
Deferred income	14,069	15,173	15,525
Deferred gain on sale and leaseback	646	945	1,716
Total long-term liabilities	82,438	93,321	101,985
SHAREHOLDERS' EQUITY:			
Common stock	277	274	263
Paid-in capital	119,026	116,701	107,250
Retained earnings	144,283	134,708	119,374
Treasury stock	(105,368)	(103,710)	(96,027)
Total shareholders' equity	158,218	147,973	130,860
Total liabilities and shareholders' equity	$314,953	$307,329	$325,217

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

REX STORES CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

UNAUDITED

	Three Months Ended July 31		Six Months Ended July 31	
	2002	2001	2002	2001
	(In Thousands, Except Per Share Amounts)			
NET SALES	$93,070	$100,542	$186,606	$205,331
COSTS AND EXPENSES:				
Cost of merchandise sold	63,740	70,967	130,022	146,481
Selling, general and administrative expenses	26,012	26,940	51,017	53,265
Total costs and expenses	89,752	97,907	181,039	199,746
INCOME FROM OPERATIONS	3,318	2,635	5,567	5,585
INVESTMENT INCOME	133	31	283	94
INTEREST EXPENSE	(1,267)	(2,261)	(2,602)	(4,227)
INCOME FROM LIMITED PARTNERSHIPS	5,004	4,754	9,640	7,849
Income before provision for income taxes	7,188	5,159	12,888	9,301
PROVISION FOR INCOME TAXES	1,797	1,289	3,222	2,326
Income before extraordinary item	5,391	3,870	9,666	6,975
Extraordinary loss from early extinguishment of debt, net of tax	-	-	91	-
NET INCOME	$ 5,391	$ 3,870	$ 9,575	$ 6,975
WEIGHTED AVERAGE SHARES OUTSTANDING-BASIC	12,522	11,462	12,411	11,690

Consolidated Statements of Income (Continued)

Basic Net Income Per Share Before Extraordinary Item	0.43	0.34	0.78	0.60
Extraordinary Item	-	-	(0.01)	-
BASIC NET INCOME PER SHARE	$ 0.43	$ 0.34	$ 0.77	$ 0.60
WEIGHTED AVERAGE SHARES OUTSTANDING-DILUTED	14,728	13,258	14,755	13,238
Diluted Net Income Per Share Before Extraordinary Item	0.37	0.29	0.66	0.53
Extraordinary Item	-	-	(0.01)	-
DILUTED NET INCOME PER SHARE	$ 0.37	$ 0.29	$ 0.65	$ 0.53

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

REX STORES CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF SHAREHOLDERS' EQUITY

UNAUDITED

	Common Shares					
	Issued		Treasury		Paid-in	Retained
	Shares	Amount	Shares	Amount	Capital	Earnings
	(In Thousands)					
Balance at January 31, 2002	27,358	$274	15,113	$103,710	$116,701	$134,708
Net income	--	--	--	--	--	9,575
Treasury stock acquired	--	--	121	2,031	--	--
Common stock issued	368	3	(53)	(373)	2,325	--
Balance at July 31, 2002	27,726	$277	15,181	$105,368	$119,026	$144,283

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

REX STORES CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

UNAUDITED

	Six Months Ended July 31 2002	2001
	(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 9,575	$ 6,975
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization, net	2,167	2,100
(Gain) Loss on disposal of fixed assets	262	(94)
Deferred income	(1,798)	(848)
Income of limited partnerships	(9,640)	(7,849)
Changes in assets and liabilities:		
Accounts receivable	572	1,977
Merchandise inventory	(37,843)	(16,085)
Other current assets	(522)	417
Accounts payable, trade	8,519	4,543
Other current liabilities	667	(1,154)
NET CASH USED IN OPERATING ACTIVITIES	(28,041)	(10,018)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(468)	(1,785)
Proceeds from sale of real estate and fixed assets	300	896
Proceeds from sale of partnership interest	7,858	7,849
Restricted investments	(10)	(35)
NET CASH PROVIDED BY INVESTING ACTIVITIES	7,680	6,925
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (Decrease) in notes payable	(1)	8,706
Payments of long-term debt	(9,710)	(2,269)
Proceeds from long-term debt	-	6,100
Common stock issued	2,328	1,092
Treasury stock issued	373	292
Treasury stock acquired	(2,031)	(8,693)

NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(9,041)	5,228
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(29,402)	2,135
CASH AND CASH EQUIVALENTS, beginning of period	39,441	687
CASH AND CASH EQUIVALENTS, end of period	$ 10,039	$ 2,822

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

REX STORES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

July 31, 2002

Note 1. Consolidated Financial Statements

The consolidated 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 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, 2002 (fiscal 2001). 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 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 2001 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.

Certain reclassifications have been made to prior year amounts to conform with their fiscal 2002 presentation.

Note 3. Stock Option Plans

The following summarizes options granted, exercised and canceled or expired during the six months ended July 31, 2002:

	Shares Under Stock Option Plans
Outstanding at January 31, 2002 ($3.61 to $10.37 per share)	6,881,610
Granted ($14.745 to $16.04 per share)	353,936
Exercised ($3.61 to $10.14 per share)	(421,102)
Canceled or expired ($4.61 to $14.745 per share)	(39,000)
Outstanding at July 31, 2002 ($3.61 to $16.04 per share)	6,775,444

Note 4. Net Income Per Share

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

	July 31, 2002					
	Three Months Ended			Six Months Ended		
	Income	Shares	Per Share	Income	Shares	Per Share
Basic net income per share	$5,391	12,522	$0.43	$ 9,575	12,411	$0.77
Effect of stock options		2,206			2,344	
Diluted net income per share	$5,391	14,728	$0.37	$ 9,575	14,755	$0.65

	July 31, 2001					
	Three Months Ended			Six Months Ended		
	Income	Shares	Per Share	Income	Shares	Per Share
Basic net income per share	$3,870	11,462	$0.34	$ 6,975	11,690	$0.60
Effect of stock options		1,796			1,548	
Diluted net income per share	$3,870	13,258	$0.29	$ 6,975	13,238	$0.53

For the three months ended July 31, 2002 and 2001, a total of 349,936 and 38,565 shares, respectively, and for the six months ended July 31, 2002 and 2001, a total of 24,936 and 534,092 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 those periods.

On both August 10, 2001 and February 11, 2002, the Company effected a 3-for-2 stock split. All per share data shown above has been retroactively restated to reflect these splits.

Note 5. Early Extinguishment of Debt

In the first quarter of fiscal 2002, the Company paid off approximately $7.0 million in mortgage debt. As a result, the Company expensed unamortized financing costs of approximately $150,000 as an extraordinary loss before an income tax benefit of approximately $59,000.

Note 6. Synthetic Fuel

Net income for the 2002 second quarter and first half periods reflect approximately $4.6 million and $9.3 million, respectively, of pre-tax investment income from the sales of the Company's entire Partnership interest in a synthetic fuel limited partnership. The IRS is presently auditing this limited partnership. Approximately $2.5 million of the payment due to the Company during the fiscal 2002 second quarter 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. Prior to the sales of the Company's interest in the partnership, the Company had been allocated in aggregate approximately $19.0 million in tax credits from this synthetic fuel limited partnership. In the Company's opinion, the Partnership is complying with all the necessary requirements to be allowed such credits and believes it is likely, although not certain, that the Partnership will prevail if challenged by the IRS on any credits taken. The timing of the completion of the audit has not been determined. To date the Company has received approximately $36.8 million in payments with respect to its sales of its Partnership interests, which payments are non-refundable irrespective of the outcome of the audit.

Net income for the 2002 second quarter and first half periods also reflects pre-tax income, net of litigation expenses, of approximately $0.4 million from the settlement of a previously filed lawsuit relating to its participation as a limited partner in a second limited partnership formed to produce synthetic fuel which qualifies for tax credits under Section 29 of the Internal Revenue Code. 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.

Note 7. Subsequent Events

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 Internal Revenue Service which would allow the disassembly, and reconstruction, of the facility at a yet to be determined host site. The Company is presently searching for potential partners as to the relocation and commercialization of the plant and limiting the Company's maximum financial investment in the venture. If the plant cannot be relocated on terms acceptable to the Company, the Company is obligated to remove the plant from its existing site at a currently estimated cost to the Company of up to $2 million. 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.

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 July 31, 2002 we operated 255 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 2001" means the period February 1, 2001 to January 31, 2002.

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 July 31		Six Months Ended July 31	
	2002	2001	2002	2001
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of merchandise sold	68.5	70.6	69.7	71.3
Gross profit	31.5	29.4	30.3	28.7
Selling, general and administrative expenses	27.9	26.8	27.3	26.0
Income from operations	3.6	2.6	3.0	2.7
Investment income	0.1	--	0.1	0.1
Interest expense	(1.4)	(2.2)	(1.4)	(2.1)
Income from limited partnerships	5.4	4.7	5.2	3.8
Income before provision for income taxes	7.7	5.1	6.9	4.5
Provision for income taxes	1.9	1.3	1.7	1.1
Income before extraordinary item	5.8	3.8	5.2	3.4
Extraordinary loss from early extinguishment of debt	--	--	0.1	--

Net income	5.8%	3.8%	5.1%	3.4%
	=====	=====	=====	=====

Comparison of Three and Six Months Ended July 31, 2002 and 2001

Net sales in the second quarter ended July 31, 2002 were $93.1 million compared to $100.5 million in the prior year's second quarter, representing a decrease of $7.4 million or 7.4%. This decrease was primarily due to a decline in comparable store sales of 5.6%. The decline was also partially caused by a net reduction of nine stores since the end of the second quarter of fiscal 2001.

The strongest product category for the Company for the second quarter of fiscal 2002 was appliances which positively impacted comparable store sales by 1.6%. This was due to strong air conditioner sales for the quarter due to warmer summer conditions compared to the prior year. The remaining major product categories contributed to our negative comparable store sales with the audio category contributing 3.1%, the video category contributing 2.1% and the television category contributing 2.0%.

Net sales for the first half of fiscal 2002 were $186.6 million compared to $205.3 million for the first half of fiscal 2001, representing a decrease of $18.7 million or 9.1%. This decrease was primarily due to a decline in comparable store sales of 7.2%. The decline was also partially caused by a net reduction of nine stores since the end of the second quarter of fiscal 2001.

The only major product category which positively impacted comparable store sales was the appliance category which positively contributed 0.3% to comparable store sales due to strong air conditioner sales in the second quarter. The remaining major product categories contributed to the negative comparable store sales with the video category contributing 3.5%, the audio category contributing 2.7% and the television category contributing 1.3%.

As of July 31, 2002, we had 255 stores compared to 264 stores one year earlier. We did not open any stores and closed seven stores during the first half of fiscal 2002. There were six stores opened and four closed in the first half of fiscal 2001.

Gross profit of $29.3 million (31.5% of net sales) in the second quarter of fiscal 2002 was $0.3 million lower than the $29.6 million (29.4% of net sales) recorded in the second quarter of fiscal 2001. Gross profit for the first half of fiscal 2002 was $56.6 million (30.3% of net sales) compared to $58.8 million (28.7% of net sales) for the first half of fiscal 2001. The gross profit margin for the second quarter of fiscal 2002 was positively impacted from stronger air conditioner sales which had a high gross profit margin due to opportunistic purchases. Overall the gross profit margin has been positively impacted by a shift in sales toward higher gross profit margin products and more favorable pricing from vendors.

Selling, general and administrative expenses for the second quarter of fiscal 2002 were $26.0 million (27.9% of net sales) compared to $26.9 million (26.8% of net sales) for the second quarter of fiscal 2001. This represents a decrease of $0.9 million or 3.4%. Selling, general and administrative expenses for the first half of fiscal 2002 were $51.0 million (27.3% of net sales), a 4.2% decrease from $53.3 million (26.0% of net sales) for the first half of fiscal 2001. The reduction in expenditures primarily relates to less advertising dollars spent due to limited expenditures on radio and television advertising in the current year and the reduction in the number of stores in operation.

Interest expense decreased to $1.3 million (1.4% of net sales) for the second quarter of fiscal 2002 from $2.3 million (2.2% of net sales) for the second quarter of fiscal 2001. Interest expense for the first half of fiscal 2002 was $2.6 million (1.4% of net sales) compared to $4.2 million (2.1% of net sales) for the first half of fiscal 2001. The decline in interest expense was primarily caused by a reduction in the amount of mortgage debt outstanding and restructuring a large portion of the remaining mortgage debt to lower floating interest rates.

Results for the second quarter and first half of fiscals 2002 and 2001 also reflect the impact of our equity investment in two limited partnerships which produce synthetic fuels. Effective February 1, 1999, we entered into an agreement to sell a portion of our investment in one of the limited partnerships, 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 report the installment income from these sales on a quarterly basis. Below is a table summarizing the income from the sales, net of certain expenses.

	Three Months Ended July 31		Six Months Ended July 31	
	2002	2001	2002	2001
	(In Thousands)			
February 1, 1999 sale	$1,850	$1,780	$3,699	$3,587
July 31, 2000 sale	1,350	1,626	2,700	2,914
May 31, 2001 sale	1,436	1,347	2,873	1,347

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$4,636	$4,753	$9,272	$7,848
======	======	======	======

The Internal Revenue Service (IRS) is presently auditing this limited partnership. Approximately $2.5 million of the payment due to the Company during the fiscal 2002 second quarter 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. The timing of the completion of the audit has not been determined.

Net income for the 2002 second quarter and first half periods also reflects pre-tax income, net of litigation expenses, of approximately $0.4 million from the settlement of a previously filed lawsuit relating to our participation as a limited partner in a second limited partnership formed to produce synthetic fuel which qualifies for tax credits under Section 29 of the Internal Revenue Code. 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% for all periods presented after reflecting our share of federal income tax credits earned by the limited partnerships under Section 29 of the Internal Revenue Code.

As a result of the foregoing, net income for the second quarter of fiscal 2002 was $5.4 million, a 39.3% increase from $3.9 million for the second quarter of fiscal 2001. Net income for the first half of fiscal 2002 was $9.6 million, a 37.3% increase from $7.0 million for the first half of fiscal 2001.

Liquidity and Capital Resources

Net cash used in operating activities was $28.0 million for the first six months of fiscal 2002, compared to $10.0 million for the first six months of fiscal 2001. For the first half of fiscal 2002, cash was provided by net income of $9.6 million, adjusted for the impact of $9.6 million for gains on our installment sales of the limited partnership interest, non-cash items of $0.4 million which consisted of deferred income and depreciation and amortization and $0.3 million loss from disposal of fixed assets. Cash was also provided by an increase of $8.5 million in accounts payable, an increase of $0.7 million in other liabilities and a decrease of $0.6 million in accounts receivable. The primary use of cash was an increase of $37.8 million in inventory due to the timing of purchases. Cash was also used by an increase in other assets of $0.5 million.

At July 31, 2002, working capital was $94.2 million compared to $92.3 million at January 31, 2002. The ratio of current assets to current liabilities was 2.3 to 1 at July 31, 2002 and 2.4 to 1 at January 31, 2002.

We received proceeds of approximately $7.9 million and $7.8 million during the first half of fiscals 2002 and 2001, respectively, from installment sales of our ownership interest in a limited partnership.

Cash used in financing activities totaled $9.0 million for the first half of fiscal 2002. The primary use of cash was for payments on long-term mortgage debt of approximately $9.7 million for the early extinguishment of debt for eight retail store locations and scheduled repayments.

Cash provided by financing activities totaled approximately $5.2 million of the first half of fiscal 2001. Cash was provided by borrowings of $8.7 million on the line of credit during the first half of fiscal 2001 and proceeds of $6.1 million from long-term debt borrowings related to mortgage financing of seven stores. We also received proceeds of $1.4 million from the exercise of employee stock options. Cash was used to purchase 1,064,700 shares (split adjusted) of our common stock for approximately $8.7 million during the first half of fiscal 2001. Cash was also used for payments on long-term debt of $2.3 million.

At July 31, 2002 we had authorization from our Board of Directors to purchase 1,158,300 shares of our common stock. Subsequent to the end of the second quarter we have purchased 308,400 shares of our common stock.

Recently Issued Accounting Standards

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated assets retirement costs. It applies to all legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and/or the normal operation of a long-lived asset. This Statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. We believe that the implementation of the statement will not have a material impact on our results of operations and financial position.

In May 2002, the FASB issued SFAS 145, "Recission of SFAS Nos. 4, 44, and 64, Amendment of SFAS 13, and Technical Corrections." For most companies, SFAS No. 145 will require gains and losses on extinguishment of debt to be classified as income or loss from continuing operations rather than as extraordinary items as previously required under SFAS No. 4. Extraordinary treatment will be required for certain extinguishments as provided in APB No. 30. The provisions of SFAS No. 145 related to the SFAS No. 4 revision are effective for financial statements issued for fiscal years beginning after May 15, 2002, however, early adoption is encouraged. Once adopted, any gain or loss on extinguishment of debt that was classified as an extraordinary item in prior periods presented that does not meet the criteria in APB No. 30 for classification as an extraordinary item should be reclassified. In addition, SFAS 145 amends FASB Statement No. 13, Accounting for Leases, to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. We have not yet assessed the impact of the adoption of this standard on our consolidated financial position, results of operations or cash flows.

In July 2002, the FASB issued Statement No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Examples of costs covered by the standard include lease termination costs and certain employee severance costs that are associated with a restructuring or other exit or disposal activity. Statement 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. We have not yet assessed the impact of the adoption of this standard on our consolidated financial position, results of operations or cash flows.

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, 2002 (File No. 0-13283).

Item 3. Quantitative and Qualitative Disclosure About Market Risk

No material changes since January 31, 2002.

PART II. OTHER INFORMATION

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

(a) Exhibits. No exhibits are filed with this report.

(b) Reports on Form 8-K. During the quarter ended July 31, 2002, the Company filed a report on Form 8-K dated June 13, 2002, reporting under Item 4. "Changes in Registrant's Certifying Accountant," that on June 13, 2002, the Board of Directors of the Company approved the engagement of Deloitte & Touche LLP as its independent auditor for the year ending January 31, 2003 and dismissed the firm of Arthur Andersen LLP.

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

September 13, 2002	STUART A. ROSE Stuart A. Rose Chairman of the Board (Chief Executive Officer)
September 13, 2002	DOUGLAS L. BRUGGEMAN Douglas L. Bruggeman Vice President, Finance and Treasurer (Principal Financial and Chief Accounting Officer)

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 quarterly 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 quarterly report; and

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report.

Date: September 13, 2002

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 quarterly 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 quarterly report; and

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report.

Date: September 13, 2002

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