SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(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, 2005

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to _________

Commission File Number 001-09097

REX STORES CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 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 September 6, 2005 the registrant had 10,561,021 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

	July 31 2005 Unaudited	January 31 2005	July 31 2004 Unaudited
		(In Thousands)	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 1,744	$ 4,671	$ 1,202
Accounts receivable, net	3,458	5,460	3,929
Synthetic fuel receivable	786	1,675	2,288
Merchandise inventory	133,759	124,188	156,167
Prepaid expenses and other	2,807	1,230	1,670
Future income tax benefits	10,929	10,929	8,703
Total current assets	153,483	148,153	173,959
PROPERTY AND EQUIPMENT, NET	128,700	129,723	132,953
ASSETS HELD FOR SALE	1,669	1,986	-
OTHER ASSETS	915	841	639
FUTURE INCOME TAX BENEFITS	27,978	27,978	16,082
RESTRICTED INVESTMENTS	2,290	2,270	2,262
Total assets	$ 315,035	$ 310,951	$325,895
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Notes payable	$ 4,031	$ -	$ 11,560
Current portion of long-term debt	2,919	2,897	2,899
Current portion of deferred income and deferred gain on sale and leaseback	9,920	10,432	10,348
Accounts payable, trade	35,599	32,842	57,522
Accrued income taxes	-	1,567	575
Accrued payroll and related items	5,093	6,303	4,406
Other current liabilities	6,623	6,152	7,576
Total current liabilities	64,185	60,193	94,886
LONG-TERM LIABILITIES:			
Long-term mortgage debt	28,490	30,501	32,406
Deferred income	11,387	11,703	11,809
Total long-term liabilities	39,877	42,204	44,215
SHAREHOLDERS' EQUITY:			
Common stock	293	290	286
Paid-in capital	135,496	133,474	127,734
Retained earnings	227,450	212,629	192,449
Treasury stock	(152,266)	(137,839)	(133,675)
Total shareholders' equity	210,973	208,554	186,794
Total liabilities and shareholders' equity	$315,035	$ 310,951	$325,895

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 July 31		Six Months Ended July 31	
	2005	2004	2005	2004
	(In Thousands, Except Per Share Amounts)			
NET SALES	$84,693	$85,814	$174,272	$170,241
COSTS AND EXPENSES:				
Cost of merchandise sold	59,698	61,483	124,754	121,179
Gross profit	24,995	24,331	49,518	49,062
Selling, general and administrative expenses	24,248	23,530	47,055	46,976
Operating income	747	801	2,463	2,086
INVESTMENT INCOME	58	58	132	145
INTEREST EXPENSE	(714)	(784)	(1,330)	(1,718)
LOSS ON EARLY TERMINATION OF DEBT	-	(592)	-	(614)
INCOME FROM SYNTHETIC FUEL INVESTMENTS	10,398	3,343	16,380	8,579
Income from continuing operations before provision (benefit) for income taxes and discontinued operations	10,489	2,826	17,645	8,478
PROVISION (BENEFIT) FOR INCOME TAXES	1,621	(762)	2,689	672
Income from continuing operations	8,868	3,588	14,956	7,806
Loss from discontinued operations, net of tax	(147)	(304)	(260)	(437)
Gain on disposal of discontinued operations, net of tax	-	-	125	-
Net Income	$ 8,721	$ 3,284	$ 14,821	$ 7,369
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC	10,871	11,225	11,011	11,190
Basic income per share from continuing operations	$ 0.81	$ 0.32	$ 1.36	$ 0.70
Basic loss per share from discontinued operations	(0.01)	(0.03)	(0.02)	(0.04)
Basic income per share on disposal of discontinued operations	-	-	0.01	-
BASIC NET INCOME PER SHARE	$ 0.80	$ 0.29	$ 1.35	$ 0.66
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED	12,437	12,854	12,602	12,925
Diluted income per share from continuing operations	$0.71	$0.28	$1.19	$0.60
Diluted loss per share from discontinued operations	(0.01)	(0.02)	(0.02)	(0.03)
Diluted income per share on disposal of discontinued operations	-	-	0.01	-
DILUTED NET INCOME PER SHARE	$0.70	$0.26	$1.18	$0.57

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 Shares	Common Shares Issued Amount	Common Shares Treasury Shares	Common Shares Treasury Amount	Paid-in Capital	Retained Earnings	Total Shareholders' Equity
				(In Thousands)			
Balance at January 31, 2005	29,038	$290	17,865	($137,839)	$133,474	$212,629	$208,554
Net income						14,821	14,821
Treasury stock acquired			1,199	(17,533)			(17,533)
Stock options exercised and related tax effects	274	3	(400)	3,106	2,022		5,131
Balance at July 31, 2005	29,312	$293	18,664	($152,266)	$135,496	$227,450	$210,973

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

	Six Months Ended July 31 2005	2004
	(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 14,821	$ 7,369
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization, net	2,174	1,989
Income from limited partnerships	(16,380)	(8,579)
Loss on disposal of fixed assets	185	291
Loss on early termination of debt	-	273
Deferred income	(828)	(891)
Deferred income tax	-	(1,437)
Changes in assets and liabilities:		
Accounts receivable	2,002	877
Merchandise inventory	(9,571)	(39,412)
Prepaid expenses and other	(1,577)	(463)
Other long term assets	(74)	2,838
Accounts payable, trade	2,757	24,777
Other current liabilities	(2,306)	(2,065)
NET CASH USED IN OPERATING ACTIVITIES	(8,797)	(14,433)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(2,158)	(4,082)
Proceeds from sale of partnership interest	17,269	9,389
Proceeds from sale of real estate and fixed assets	1,139	-
Sale of investments	-	7,000
Restricted investments	(20)	(5)
NET CASH PROVIDED BY INVESTING ACTIVITIES	16,230	12,302
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in notes payable	4,031	11,560
Payments of long-term debt	(1,989)	(23,501)
Stock options exercised	706	555
Treasury stock issued	3,106	956
Treasury stock acquired	(16,214)	(6,017)
NET CASH USED IN FINANCING ACTIVITIES	(10,360)	(16,447)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,927)	(18,578)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4,671	19,780
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,744	$ 1,202

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
July 31, 2005

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, 2005 (fiscal 2004). The results of operations for the interim periods are not necessarily indicative of the results to be expected for the year.

Note 2. Reclassifications

Investments in auction rate securities have been reclassified from cash and cash equivalents to investments available for sale on the Consolidated Condensed Balance Sheet. The reclassification was effected because the securities had stated maturities beyond three months. The amount of auction rate securities was $7 million at April 30, 2004. There were no auction rate securities at July 31, 2005 or 2004. The Company reclassified $2.2 million of in transit credit card and finance contract settlements from cash to accounts receivable as of July 31, 2004.

Note 3. 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 2004 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, the price of certain fuel products adjusted for inflation and Internal Revenue Service audits.

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

Product Category	Three Months Ended July 31 2005	Three Months Ended July 31 2004	Six Months Ended July 31 2005	Six Months Ended July 31 2004
Televisions	49.1%	48.2%	52.2%	49.5%
Appliances	29.6	25.4	24.8	22.6
Audio	8.8	11.3	10.1	12.8
Video	5.0	6.5	5.1	6.7
Other	7.5	8.6	7.8	8.4
	100.0%	100.0%	100.0%	100.0%

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 merchandise sold includes the cost of merchandise, markdowns and inventory shortage, receiving, warehousing and freight charges to deliver merchandise to retail stores, service repair bills as well as cash discounts and rebates. The Company classifies purchasing costs as selling, general and administrative expenses. As a result of 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, general and administrative expense.

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

Interest expense of $1,330,000 for the six months ended July 31, 2005 is net of approximately $15,000 of interest capitalized. Interest expense of $1,718,000 for the six months ended July 31, 2004 is net of approximately $11,000 of interest capitalized. Cash paid for interest for the six months ended July 31, 2005 and 2004 was approximately $1,214,000 and $1,649,000, respectively.

During the first six months of fiscal 2004, the Company completed the early payoff of mortgages for 42 retail locations totaling approximately $21.6 million. The scheduled payment on these notes included approximately $1.2 million for the last six months of fiscal 2004, $6.2 million for fiscal 2005, $6.9 million for fiscal 2006, $1.6 million for fiscal 2007, $1.4 million for fiscal 2008 and $4.3 million thereafter. The Company incurred a charge of approximately $614,000, including cash payments of approximately $341,000 for the first six months of fiscal 2004 related to this termination of debt.

During the first half of fiscal 2005 the Company received 90,096 shares of common stock into treasury with a market value of approximately $1.3 million as payment for the exercise of options for 297,775 shares of common stock.

The Company applies an effective tax rate to interim periods that is consistent with the Company's estimated annual tax rate. The tax credits generated from synthetic fuel operations reduce the Company's overall effective tax rate. Estimates of the effective tax rate may change based upon synthetic fuel production and the Company's projected income. The Company provides for deferred tax liabilities and assets for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. The Company provides for a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company paid income taxes of approximately $4,025,000 and $2,139,000 for the six months ended July 31, 2005 and 2004, respectively.

In December 2004, The Financial Accounting Standards Board ("FASB") issued a revision to Statement of Financial Accounting Standards 123, "Share-Based Payment ("SFAS 123(R)"). The revision requires all entities to recognize compensation expense in an amount equal to the fair value of share-based payments granted to employees. SFAS 123(R) eliminates the alternative method of accounting for employee share-based payments previously available under Accounting Principles Board Opinion No. 25 ("APB 25"). In April 2005, the Securities and Exchange Commission delayed the effective date of SFAS 123(R) to fiscal years beginning after June 15, 2005. As a result, SFAS 123(R) will be effective for the Company beginning in the first quarter of fiscal 2006. The Company has not completed its evaluation of the impact that adopting SFAS 123(R) will have on the financial statements.

In May 2005, the FASB issued SFAS 154, "Accounting Changes and Error Corrections - A Replacement of Accounting Principles Board (APB) Opinion No. 20 and SFAS 3." SFAS 154 requires retrospective application to prior periods' financial statements for a change in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. Additionally, retrospective application is not required when explicit transition requirements specific to newly adopted accounting principles exist. Retrospective application requires the cumulative effect of the change on periods prior to those presented to be reflected in the carrying amounts of assets and liabilities as of the beginning of the first period presented and the offsetting adjustments to be recorded to opening retained earnings. SFAS 154 retains the guidance contained in APB No. 20 for reporting both the correction of an error in previously issued financial statements and a change in accounting estimate. SFAS 154 will become effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company is required to adopt the provisions of SFAS 154, as applicable, beginning in the first quarter of fiscal 2006.

Note 4. Stock Option Plans

The Company has stock-based compensation plans under which stock options have been granted to directors, officers 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 six months ended July 31, 2005:

Outstanding at January 31, 2005 ($3.61 to $16.04 per share).............................	5,751,308
Exercised ($3.61 to $14.745 per share)..	(673,853)
Canceled or expired ($8.01 to $14.745 per share)......................................	(41,450)
Outstanding at July 31, 2005 ($3.61 to $16.04 per share)...............................	5,036,005

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 (in thousands, except per share amounts):

		Three Months Ended July 31		Six Months Ended July 31	
		2005	2004	2005	2004
Net Income	As Reported	$8,721	$3,284	$14,821	$7,369
	Compensation Cost, net of tax	1,502	787	2,340	1,540
	Pro forma	7,219	2,497	12,481	5,829
Basic net income per share	As Reported	$ 0.80	$ 0.29	$ 1.35	$ 0.66
	Compensation Cost, net of tax	.14	.07	.22	.14
	Pro forma	0.66	0.22	1.13	0.52
Diluted net income per share	As Reported	$ 0.70	$ 0.26	$ 1.18	$ 0.57
	Compensation Cost, net of tax	.12	.06	.19	.12
	Pro forma	0.58	0.20	0.99	0.45

The compensation cost, net of tax for the three and six months ended July 31, 2005 includes approximately $766,000 related to the accelerated vesting of certain options granted to non-director employees.

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. Income Per Share from Continuing Operations

The following table reconciles the basic and diluted net income per share from continuing operations computation for each period presented (in thousands, except per share amounts):

	Three Months Ended July 31, 2005			Six Months Ended July 31, 2005		
	Income	Shares	Per Share	Income	Shares	Per Share
Basic income per share from continuing operations	$8,868	10,871	$0.81	$14,956	11,011	$1.36
Effect of stock options		1,566			1,591	
Diluted income per share from continuing operations	$8,868	12,437	$0.71	$14,956	12,602	$1.19

	Three Months Ended July 31, 2004			Six Months Ended July 31, 2004		
	Income	Shares	Per Share	Income	Shares	Per Share
Basic income per share from continuing operations	$3,588	11,225	$0.32	$7,806	11,190	$0.70
Effect of stock options		1,629			1,735	
Diluted income per share from continuing operations	$3,588	12,854	$0.28	$7,806	12,925	$0.60

For the three months ended July 31, 2005 and 2004, a total of 314,336 shares and 656,736 shares, respectively, and for the six months ended July 31, 2005 and 2004, a total of 314,336 and 334,736 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.

Note 6. Synthetic Fuel

Income from continuing operations for the second quarter and first six months of fiscal 2005 includes approximately $6.1 million and $12.1 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. Of the $12.1 million for the first six months of fiscal 2005, approximately $448,000 relates to a payment received for 2004 production. The 2004 production payments made to the Company were based upon estimated income tax credits per ton of coal produced. The $448,000 payment was made to the Company after the Internal Revenue Service published the 2004 income tax credit per ton amount in April 2005.

On March 30, 2004 the Company also sold its entire ownership interest in a limited liability company that owned a synthetic fuel facility in Gillette, Wyoming. The Company received $2.8 million at closing along with a secured contingent payment note that could provide additional investment income to the Company. The facility resumed commercial operations during the second quarter of fiscal 2005; as such, we received $3.5 million as a one-time payment per the terms of the purchase agreement. In addition, we are eligible to receive $1.50 per ton of "qualified production" produced and sold by the facility through 2007. During the second quarter of fiscal 2005, we recognized approximately $0.8 million of additional income from the qualified production.

The Company remains a limited partner in Somerset SynFuel, L.P. This partnership is operational and producing synthetic fuel. The Company is receiving Section 29 federal income tax credits in connection with production and sales of synthetic fuel from the Somerset facility.

As provided by the current Internal Revenue Code, the Code Section 29 tax credit program is expected to continue through December 31, 2007. Recent increases in the price of oil could limit the amount of those credits or eliminate them altogether for 2005 and one or more of the years following fiscal 2005. This possibility is due to a provision of Section 29 that provides that if the average wellhead price per barrel for unregulated domestic crude oil for the year (the "Annual Average Price") exceeds a certain threshold value (the "Threshold Price"), the Section 29 tax credits are subject to phase out. For calendar year 2004, the Threshold Price was $51.34 per barrel and the Phase Out Price was $64.47 per barrel. The Threshold Price and the Phase Out Price are adjusted annually as a result of inflation and are published by the Internal Revenue Service in April of the following year.

The Company cannot predict with any certainty the Annual Average Price for 2005 or beyond. Therefore, it cannot predict whether the price of oil will have a material effect on its synthetic fuel business after 2004. However, if during 2005, or in subsequent years, oil prices remain at historically high levels or increase, the Company's synthetic fuel business may be adversely affected for those years, and, depending on the magnitude of such increases in oil prices, the adverse affect for those years could be material and could have an impact on the Company's synthetic fuel results of operations and related income tax benefits.

Note 7. Discontinued Operations and Assets Held for Sale

During the first six months of fiscal 2005 the Company closed five stores in which the Company vacated the market. Those stores and certain other stores closed in previous periods were classified as discontinued operations for all periods presented. Two of the closed stores are classified as held for sale. The net assets of those stores at July 31, 2005 were approximately $1,669,000. The Company expects to sell the assets related to these stores within the next 12 months through normal real estate channels. No loss has been recognized as the estimated net realizable values exceed the carrying values of these assets.

Below is a table reflecting certain items of the income statement that were reclassified as discontinued operations for the period indicated.

	Three Months Ended July 31		Six Months Ended July 31	
	2005	2004	2005	2004
	(In Thousands)			
Net sales	$121	$3,412	$1,602	$7,185
Cost of merchandise sold	143	2,730	1,423	5,467
Loss before benefit for income taxes	225	467	400	673
Benefit for income taxes	78	163	140	236
Net loss	$147	$304	$260	$437

Note 8. Subsequent Event

On August 30, 2005, Hurricane Katrina caused damage to a minimum of three of our stores. We are evaluating the related damage to other stores in the area. We do not believe that the impact of business interruption or required repairs to damaged stores will have a material impact on future results of operations or require material capital expenditures. However, until we are able to complete a thorough evaluation of storm damage to all of our stores, we cannot estimate the impact of the storm damage on our financial statements.

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, 2005 we operated 228 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 2005" means the period February 1, 2005 to January 31, 2006.

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	
	2005	2004	2005	2004
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of merchandise sold	70.5	71.6	71.6	71.2
Gross profit	29.5	28.4	28.4	28.8
Selling, general and administrative expenses	28.6	27.5	27.0	27.6
Operating income	0.9	0.9	1.4	1.2
Investment income	0.1	-	0.1	-
Interest expense	(0.8)	(0.9)	(0.8)	(1.0)
Loss on early termination of debt	-	(0.6)	-	(0.3)
Income from limited partnerships	12.2	3.9	9.4	5.0
Income from continuing operations before provision (benefit) for income taxes and discontinued operations	12.4	3.3	10.1	4.9
Provision (benefit) for income taxes	1.9	(0.9)	1.5	0.3
Income from continuing operations	10.5	4.2	8.6	4.6
Loss from discontinued operations, net of tax	(0.2)	(0.4)	(0.1)	(0.3)
Gain on disposal of discontinued operations, net of tax	-	-	-	-

Net income	10.3%	3.8%	8.5%	4.3%

Comparison of Three Months and Six Months Ended July 31, 2005 and 2004

Net sales in the quarter ended July 31, 2005 were $84.7 million compared to $85.8 million in the prior year's second quarter, representing a decrease of $1.1 million or 1.3%. Net sales do not include sales from stores closed and classified as discontinued operations.

This decrease was primarily caused by a decrease in comparable store sales of 0.5% for the second quarter of fiscal 2005. We consider a store to be comparable after it has been open six full fiscal quarters. Comparable store sales do not include sales of extended service contracts. We had a net reduction of eleven stores (ten of which were classified as discontinued operations) since the end of the second quarter of fiscal 2004.

Our strongest product category for the second quarter of fiscal 2005 was the appliance category which positively impacted comparable store sales by 4.2%. This increase is primarily related to higher demand for air conditioners based upon a warmer June and July in many of our markets. The video category negatively impacted comparable store sales by 1.8%. The audio category negatively impacted comparable store sales by 2.6%. Both the audio and video categories have been impacted by lower price points of their respective products and these products becoming more of a commodity item with very high levels of competition.

Net sales for the first half of fiscal 2005 were $174.3 million compared to $170.2 million for the first half of fiscal 2004. This represents an increase of $4.0 million or 2.4%. Comparable store sales increased by approximately 3.2% for the first half of fiscal 2005.

The television and appliance product categories positively impacted comparable store sales for the first half of fiscal 2005 with the television category impact being 4.1% and the appliance category impact being 3.3%. Strong demand for plasma and LCD televisions contributed to the television category increase while strong air conditioner sales accounted for the majority of the increase in the appliance comparable store sales performance. The audio and video categories negatively impacted comparable store sales for the first half of fiscal 2005 by 2.4% and 1.8% respectively reflecting a continuing trend of lower price points of the respective products and these products becoming more of a commodity item with very high levels of competition.

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

	Three Months Ended July 31		Six Months Ended July 31	
Product Category	2005	2004	2005	2004
Televisions	49.1%	48.2%	52.2%	49.5%
Appliances	29.6	25.4	24.8	22.6
Audio	8.8	11.3	10.1	12.8
Video	5.0	6.5	5.1	6.7
Other	7.5	8.6	7.8	8.4
	100.0%	100.0%	100.0%	100.0%

As of July 31, 2005, we had 228 stores compared to 239 stores one year earlier. We did not open any stores and closed six stores during the first half of fiscal 2005. We did not open any stores and closed three stores during the first half of fiscal 2004.

Gross profit of $25.0 million (29.5% of net sales) in the second quarter of fiscal 2005 was approximately $0.7 million higher than the $24.3 million (28.4% of net sales) recorded in the second quarter of fiscal 2004. Gross profit for the first half of fiscal 2005 was $49.5 million (28.4% of net sales) compared to $49.1 million (28.8% of net sales) for the first half of fiscal 2004. Gross profit margin for the second quarter of fiscal 2005 was positively impacted by air conditioner sales which tend to have higher gross profit margins than our other core products. Gross profit margin for the first half of fiscal 2005 was negatively impacted by recognition of a lower amount of extended service contract sales which generally have a higher gross profit margin associated with it.

Selling, general and administrative expenses for the second quarter of fiscal 2005 were $24.2 million (28.6% of net sales), an increase of $0.7 million or 3.1% from $23.5 million (27.5% of net sales) for the second quarter of fiscal 2004. Selling, general and administrative expenses were $47.1

million (27.0% of net sales) for the first six months of fiscal 2005 representing an increase of $0.1 million or 0.2% from $47.0 million (27.6% of net sales) for the first six months of fiscal 2004. The increase in expenditures was primarily a result of higher payroll costs associated with higher commissions paid to sales personnel as well as accruals for executive incentive pay associated with higher corporate profitability. These increases were late partially offset by a corresponding decrease in advertising expenditures.

Operating income in the second quarter of fiscal 2005 was $0.7 million (0.9% of net sales), a decrease of $0.1 million (6.7%) from the $0.8 million (0.9% of net sales) for the second quarter of fiscal 2004. Operating income in the first half of fiscal 2005 was $2.5 million (1.4% of net sales), an increase of $0.4 million (18.1%) over the $2.1 million (1.2% of net sales) for the first six months of fiscal 2004.

Investment income for the second quarter of fiscal 2005 was $0.1 million (0.1 % of net sales), unchanged from the second quarter of fiscal 2004. Investment income for the first half of fiscal 2005 was $0.1 million (0.1 % of net sales), unchanged from the first six months of fiscal 2004.

Interest expense was $0.7 million (0.8% of net sales) for the second quarter of fiscal 2005 compared to $0.8 million (0.9% of net sales) for the second quarter of fiscal 2004. Interest expense was $1.3 million (0.8% of net sales) for the first six months of fiscal 2005 compared to $1.7 million (1.0% of net sales) for the first six months of fiscal 2004. Interest expense for the current year has been lowered due to lower average borrowings on the line of credit and the pay-off of approximately $25.4 million in mortgage debt in the prior year.

During the first six months of fiscal 2004 the Company completed the early payoff of mortgages for 42 retail locations totaling approximately $21.6 million. The Company incurred a charge of approximately $0.6 million including cash payments of approximately $0.3 million, for the first six months of fiscal 2004 related to this termination of debt. There were no early terminations of debt in fiscal 2005.

Results for the second quarter of fiscals 2005 and 2004 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. 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.

Below is a table summarizing the income from the sales, net of certain expenses. The higher income for the current year generally reflects higher production levels compared to the previous year.

	Three Months Ended July 31		Six Months Ended July 31	
	2005	2004	2005	2004
	(In Thousands)			
February 1, 1999 sale	$2,148	$1,331	$4,522	$3,178
July 31, 2000 sale	2,106	1,078	4,020	2,637
May 31, 2001 sale	1,872	944	3,574	2,296
	$6,126	$3,353	$12,116	$8,111

Income from synthetic fuel investments for the second quarter of fiscal 2005 also includes income related to our sale of our membership interest in the limited liability company that owned a synthetic fuel facility in Gillette, Wyoming. We received $2.8 million at the time of sale on March 30, 2004 along with a secured contingent payment note that could provide additional investment income to the Company. The facility resumed commercial operations during the second quarter of fiscal 2005; as such, we received $3.5 million as a one-time payment per the terms of the purchase agreement. In addition, we are eligible to receive $1.50 per ton of "qualified production" produced by the facility and sold through 2007. During the second quarter of fiscal 2005, we recognized approximately $0.8 million of additional income from the qualified production.

Our effective tax rate was 15.5% and (27.0%) for the second quarter of fiscals 2005 and 2004, respectively, after reflecting our share of federal income tax credits earned by the limited partnerships under Section 29 of the Internal Revenue Code. Our effective tax rate for fiscal 2005 will depend on the level of federal income tax credits generated by the limited partnerships, which we do not control, and any limitations on those credits under the Internal Revenue Code. Our effective tax rate was 15.2% and 7.9% for the first six months of fiscals 2005 and 2004, respectively. Our effective tax was reduced for the quarter and six months ended July 31, 2004 as a result of a $1.4 million reduction in our valuation allowance for the alternative minimum tax credit carryforwards resulting from the conclusion in June 2004 of the Internal Revenue Service audit of the Somerset partnership for certain years. The audit resulted in no change to the tax credits for the period audited.

During the quarter and six months ended July 31, 2005 we closed one and five stores, respectively, that were classified as discontinued operations. As a result of these closings and certain other store closings from prior periods, we had a loss from discontinued operations, net of tax benefit, of $0.1 million for the second quarter of fiscal 2005, compared to a loss of $0.3 million for the second quarter of fiscal 2004. We had a loss from discontinued operations, net of tax benefit, of $0.3 million for the first half of fiscal 2005 compared to $0.4 million for the first half of fiscal 2004.

We sold one property during the first half of fiscal 2005 that had been previously closed. As a result, we had a gain, net of tax expense, of $0.1 million.

As a result of the foregoing, net income for the second quarter of fiscal 2005 was $8.7 million, a 165.6% increase from $3.3 million for the second quarter of fiscal 2004. Net income for the first half of fiscal 2005 was $14.8 million, a 101.1% increase from $7.4 million for the first six months of fiscal 2004.

Liquidity and Capital Resources

Net cash used in operating activities was approximately $8.8 million for the first six months of fiscal 2005, compared to $14.4 million used in operating activities for the first six months of fiscal 2004. For the first half of fiscal 2005, cash was provided by net income of $14.8 million, adjusted for the impact of $16.4 million for gains on our installment sales of the limited partnership interests, non-cash items of $2.0 million, which consisted of depreciation and amortization, accounts receivable, deferred income, prepaid expenses and loss on disposal of fixed assets. In addition, accounts payable provided cash of $2.8 million, primarily a result of changes in inventory levels. The primary use of cash was an increase in inventory of $9.6 million primarily due to seasonal fluctuations. The other use of cash was a decrease in other current liabilities of $2.3 million.

At July 31, 2005, working capital was $89.3 million compared to $88.0 million at January 31, 2005. This increase is primarily a result of greater cash proceeds from our synthetic fuel investments. The ratio of current assets to current liabilities was 2.4 to 1 at July 31, 2005 and 2.5 to 1 at January 31, 2005. We received our $9.0 million escrow deposit, in the second quarter of fiscal 2005, related to our post due diligence termination of the escrow as to our proposed investment in an ethanol production facility.

During the first half of fiscal 2005, we received proceeds of $17.3 million from installment sales of our ownership interests in synthetic fuel entities. We had capital expenditures of approximately $2.2 million during the first six months of fiscal 2005, primarily related to the relocation of a store, the purchase of a store previously leased and improvements to a distribution center. We received proceeds of approximately $1.1 million from the sale of a store previously closed and reported as discontinued operations.

Cash used in financing activities totaled approximately $10.4 million for the first six months of fiscal 2005. Cash was provided by stock option activity of $3.8 million. We also recorded a tax benefit of approximately $1.6 million during the first half of fiscal 2005 from the exercise of non-qualified stock options as an increase in additional paid-in capital. Cash of $4.0 million was provided by an increase in the line of credit. Cash of $2.0 million was used for scheduled payments of mortgage debt. Cash of approximately $16.2 million was also used to acquire approximately 1.0 million shares of our common stock. On August 30, 2005, the Company's Board of Directors increased the Company's share repurchase authorization by an additional 1 million shares. We currently have approximately 1,256,000 authorized shares remaining available for purchase under the stock buy-back program.

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. These risks and uncertainties include among other things: the highly competitive nature of the consumer electronics retailing industry, changes in the national or regional economies, weather, the effects of terrorism or acts of war on consumer spending patterns, the availability of certain products, technological changes, new regulatory restrictions or tax law changes relating to the Company's synthetic fuel investments, the fluctuating amount of quarterly payments received by the Company with respect to sales of its partnership interests in synthetic fuel investments, the uncertain amount of synthetic fuel production and tax credits received from time to time from the Company's synthetic fuel investments, and the potential for Section 29 tax credits to phase out based on the price of crude oil adjusted for inflation. Other 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, 2005 (File No. 001-09097).

Item 3. Quantitative and Qualitative Disclosures About Market Risk

No material changes since January 31, 2005.

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.

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)(3)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)(3)
May 1-31, 2005	146,300	$13.63	146,300	1,186,945
June 1-30, 2005	781,677	$14.81	707,300	479,645
July 1-31, 2005	151,719	$15.10	136,000	343,645
Total	1,079,696	$ 14.69	989,600	343,645

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(1) A total of 30,759, 43,618 and 15,719 shares of common stock were purchased by the Company other than through a publicly announced plan or program. These shares were acquired on June 6, June 28, and July 14, 2005, respectively in payment of the exercise price of stock options exercised by Stuart A. Rose, Chairman, President and Chief Executive Officer of the Company all pursuant to the Company's Stock-for-Stock and Cashless Option Exercise Rules and Procedures, adopted on June 4, 2001. The purchase price was $14.75, $14.44 and $14.98 per share, respectively.

(2) On May 26, 2005, the Company's Board of Directors authorized the purchase of up to 1,000,000 shares of its common stock from time to time in private or market transactions at prevailing market prices. At July 31, 2005, a total of 343,645 shares remained available to purchase under this plan.

(3) On August 30, 2005, the Company's Board of Directors increased the Company's share repurchase authorization by an additional 1,000,000 shares.

Item 6. Exhibits.

The following exhibits are filed with this report:

4(a) First Amendment to Amended and Restated Loan Agreement and Consent Under Amended and Restated Parent Guaranty dated as of August 5, 2005 among the Borrowers, REX Stores Corporation, the Lenders named therein, Fleet Retail Group, LLC as agent for the Lenders and KeyBank National Association as syndication agent

31 Rule 13a-14(a)/15d-14(a) Certifications

32 Section 1350 Certifications

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

Signature	Title	Date
STUART A. ROSE (Stuart A. Rose)	Chairman of the Board (Chief Executive Officer)	September 7, 2005
DOUGLAS L. BRUGGEMAN (Douglas L. Bruggeman)	Vice President, Finance and Treasurer (Chief Financial Officer)	September 7, 2005

Exhibit 4(a)

FIRST AMENDMENT TO

AMENDED AND RESTATED LOAN AGREEMENT AND CONSENT UNDER
AMENDED AND RESTATED PARENT GUARANTY

This First Amendment to Amended and Restated Loan Agreement and Consent Under Amended and Restated Parent Guaranty (the "First Amendment and Consent") is made as of the 5th day of August, 2005 by and among

REX RADIO AND TELEVISION, INC., an Ohio corporation ("Rex Radio"), as lead borrower (in such capacity, "Lead Borrower"), for itself and the other Borrowers being

KELLY & COHEN APPLIANCES, INC., an Ohio corporation ("Kelly"),

REX ALABAMA, INC., an Ohio corporation ("Rex Alabama"),

REX KANSAS, INC., a Kansas corporation ("Rex Kansas"),

REXSTORES.COM, INC., an Ohio corporation ("Rex Internet"), and

STEREO TOWN, INC., a Georgia corporation ("Stereo Town"); and

REX STORES CORPORATION, a Delaware corporation (the "Parent"); and

the LENDERS party hereto; and

FLEET RETAIL GROUP, LLC (f/k/a Fleet Retail Group, Inc.), as agent for the Lenders, a Delaware corporation, having a place of business at 40 Broad Street, Boston, Massachusetts 02109; and

KEYBANK NATIONAL ASSOCIATION, as Syndication Agent;

in consideration of the mutual covenants herein contained and benefits to be derived herefrom.

WITNESSETH

WHEREAS, the Lead Borrower, the other Borrowers, the Agent, the Lenders, and the Syndication Agent have entered into an Amended and Restated Loan Agreement dated as of September 14, 2004 (as amended and in effect, the "Loan Agreement"); and

WHEREAS, the Parent has executed and delivered to the Agent and the Lenders an Amended and Restated Parent Guaranty dated as of September 14, 2004 (the "Parent Guaranty"), pursuant to which the Parent guaranteed the payment and performance of all Obligations (as therein defined); and

WHEREAS, the Borrowers, the Agent, the Parent, the Lenders, and the Syndication Agent have agreed to amend certain provisions of the Loan Agreement and to consent to certain transactions which are otherwise prohibited under the Parent Guaranty, all as set forth herein.

NOW THEREFORE, it is hereby agreed as follows:

1. Amendments to Loan Agreement.

   a. Definitions: All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Loan Agreement.

   b. Amendments to Article 9. The provisions of Article 9 of the Loan Agreement are hereby amended as follows:

      (A) The provisions of Section 9.05 of the Loan Agreement are hereby amended by deleting the word "and" at the end of Section 9.05(d), by deleting the period at the end of Section 9.05(e) and substituting "; and" in its stead, and adding the following new clause (f) to Section 9.05:

         (f) Loans or dividends to the Parent for the purpose of the Parent's purchasing investments in readily marketable, direct obligations of the Government of the United States of America or direct obligations of any federal agency which obligations represent the full faith and credit of the United States of America or senior debt obligations of the Federal Home Loan Bank System, for a purchase price (excluding accrued interest on such obligations not then due and payable by the obligor) not to exceed $100,000,000, which are callable at par on or before May 31, 2007; provided that the aggregate principal amount of all such investments held by the Parent at any one time shall not exceed $100,000,000, and further provided that such loans and dividends shall not exceed 10% of the aggregate purchase price of each such investment.

      (B) The provisions of Section 9.06 of the Loan Agreement are hereby amended by deleting the word "and" at the end of Section 9.06(h), by deleting the period at the end of Section 9.06(i) and substituting "; and" in its stead, and adding the following new clause (j) to Section 9.06:

(j) loans by the Borrowers to the Parent permitted by Section 9.05(f).

2. Consent Under Parent Guaranty. Notwithstanding limitations contained in Paragraph 14(g) of the Parent Guaranty, the Agent and the Required Lenders hereby consent to the following transactions:

a. The incurrence by the Parent of purchase money Indebtedness in connection with the acquisition of investments pursuant to clause (d) hereof in an amount not to exceed 100% of the purchase price of such investment, and any extensions, renewals or refinancings thereof.

b. The granting of Liens by the Parent to secure Indebtedness permitted pursuant to clause (a) hereof, so long as (i) any such Lien does not extend to or cover any asset of any Loan Party other than the investment made with the proceeds of such Indebtedness, and (ii) such Lien secures the obligation to pay the purchase price of such investment only.

c. The sale or other disposition of investments permitted under clause (d) hereof for cash and for fair market value and the repayment of Indebtedness described in clause (a) hereof with the net proceeds of any such sale or disposition.

d. The making of investments by the Parent in readily marketable, direct obligations of the Government of the United States of America or direct obligations of any federal agency which obligations represent the full faith and credit of the United States of America or senior debt obligations of the Federal Home Loan Bank System, for a purchase price not to exceed $100,000,000 (excluding accrued interest on such obligations not then due and payable by the obligor), which are callable at par on or before May 31, 2007; provided that the aggregate principal amount of all investments permitted pursuant to this clause (d) held by the Parent at any one time shall not exceed $100,000,000.

3. Conditions to Effectiveness. This First Amendment shall not be effective until each of the following conditions precedent have been fulfilled to the satisfaction of the Agent:

a. This First Amendment shall have been duly executed and delivered by the Borrowers, the Parent, the Agent and the Required Lenders. The Agent shall have received a fully executed copy hereof and of each other document required hereunder.

b. All action on the part of the Borrowers and the Parent necessary for the valid execution, delivery and performance by the Borrowers and the Parent of this First Amendment shall have been duly and effectively taken.

c. The Borrowers shall have reimbursed the Agent for all fees and expenses due and payable in connection herewith, including, without limitation, its reasonable attorneys' fees.

d. No Default or Event of Default shall have occurred and be continuing.

e. The Borrowers and the Parent shall have provided such additional instruments, documents, and opinions of counsel to the Agent as the Agent and its counsel may have reasonably requested.

4. Miscellaneous.

a. Except as provided herein, all terms and conditions of the Loan Agreement and the other Loan Documents remain in full force and effect. The Borrowers and the Parent each hereby ratifies, confirms, and reaffirms all of the representations, warranties and covenants therein contained. Without limiting the generality of the foregoing, the Borrowers and the Parent each hereby acknowledges, confirms and agrees that all Collateral shall continue to secure the Obligations as modified and amended pursuant to this First Amendment, and any future modifications, amendments, substitutions or renewals thereof.

b. This First Amendment may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered, shall be an original, and all of which together shall constitute one instrument. Delivery of an executed counterpart of a signature page hereto by telecopy shall be effective as delivery of a manually executed counterpart hereof.

c. This First Amendment expresses the entire understanding of the parties with respect to the matters set forth herein and supersedes all prior discussions or negotiations hereon. Any determination that any provision of this First Amendment or any application hereof is invalid, illegal or unenforceable in any respect and in any instance shall not effect the validity, legality, or enforceability of such provision in any other instance, or the validity, legality or enforceability of any other provisions of this First Amendment.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed and their seals to be hereto affixed as the date first above written.

REX RADIO AND TELEVISION, INC., as Lead Borrower

By: /S/ Douglas Bruggeman

Name: Douglas Bruggeman
Title: Vice President - Finance

KELLY & COHEN APPLIANCES, INC., as a Borrower

By: /S/ Douglas Bruggeman

Name: Douglas Bruggeman
Title: Vice President - Finance

REX ALABAMA, INC., as a Borrower

By: /S/ Douglas Bruggeman

Name: Douglas Bruggeman
Title: Vice President - Finance

REX KANSAS, INC., as a Borrower

By: /S/ Douglas Bruggeman

Name: Douglas Bruggeman
Title: Vice President - Finance

REXSTORES.COM, INC., as a Borrower

By: /S/ Douglas Bruggeman

Name: Douglas Bruggeman
Title: Vice President - Finance

STEREO TOWN, INC., as a Borrower

By: /S/ Douglas Bruggeman

Name: Douglas Bruggeman
Title: Vice President - Finance

REX STORES CORPORATION., as Parent

By: /S/ Douglas Bruggeman

Name: Douglas Bruggeman
Title: Vice President - Finance

FLEET RETAIL GROUP, LLC, as Agent

By: /S/ Peter Foley

Name: Peter Foley
Title: Vice President

FLEET RETAIL GROUP, LLC, as a Lender

By: /S/ Peter Foley

Name: Peter Foley
Title: Vice President

JPMORGAN CHASE BANK, N.A. (as successor in interest to BANK ONE, DAYTON, N.A.), as a Lender

By: /S/ Stephen Christ

Name: Stephen Christ

Title: Account Executive

KEYBANK NATIONAL ASSOCIATION, as a Lender

By: /S/ John P. Dunn
Name: John P. Dunn
Title: Vice President

KEYBANK NATIONAL ASSOCIATION, as Syndication Agent

By: /S/ John P. Dunn
Name: John P. Dunn
Title: Vice President

NATIONAL CITY BANK, DAYTON, as a Lender

By:

Name:

Title:

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 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)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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 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: September 7, 2005

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

CERTIFICATIONS

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 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)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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 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: September 7, 2005

DOUGLAS L. BRUGGEMAN
Douglas L. Bruggeman
Vice President, Finance, Treasurer and
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 July 31, 2005, 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: September 7, 2005