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RCG to sell King of Knives business

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RCG Corp Ltd, formerly Retail Cube Ltd, will sell its King of Knives retail chain business for about \$4.5 million.

The business is being sold to a consortium linked to the Baskin family, who were majority shareholders of King of Knives prior to it being acquired by Retail Cube in July 2004.

"The King of Knives business absorbed a disproportionate amount of management time for insufficient upside," RCG chairman Ivan Hammerschlag said.

"With its sale we will have completed the restructure of RCG and can turn our attention to growth, both organic and by acquisition.

"We are already looking at a number of acquisition opportunities, on our own and with partners."

King of Knives is the country's largest independent specialty retailer of knives and related cookware with 45 King of Knives and nine Chef King company-owned stores.

The purchase price is guaranteed by a third party financial institution, which has taken a first mortgage over 14.9 million RCG shares owned by interests associated with the Baskin family, who are substantial shareholders in RCG.

The sale, which is subject to shareholder approval, is due to be completed by the end of October.

RCG also said The Athletes Foot, Australia's largest chain of speciality athletic footwear stores, reported a lift in store sales for 2006/07.


"The Athlete's Foot is an exceptionally strong business with an experienced and dedicated management team," Mr Hammerschlag said.

"Comparative store sales for the 2007 financial year were 15 per cent up on the previous year, which is well in excess of other comparable businesses and the retail sector in general."

The Athlete's Foot operates 120 franchised and corporate owned stores throughout Australia and New Zealand.

RCG also owns Amazing Paints, a maker and retailer of paint and related items for the architecture and decorative paint market.

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