

## RCG ANNOUNCES RECORD HALF YEAR PROFIT AND INTERIM DIVIDEND

22 February 2010

**RCG Corporation today announced:**

- Consolidated EBIT of \$3.6m for the 6 months ending 27 December 2009, an increase of 31.1% on the prior year.
- Sales growth in The Athlete's Foot of 11.4% on the same period in the prior year, including like-for-like growth of 8.4%.
- The Athlete's Foot like-for-like sales growth of 16.4% for January 2010, resulting in year to date like-for-like growth of 10.4% for the 7 months to the end of January
- Sales growth in Shoe superstore for the 4 months since acquisition to 27 December 2009 of 19.6% on the same period in the prior year
- An interim dividend of 0.75 cents per share

RCG Corporation Limited (ASX: RCG) has today announced a record half-yearly profit and an interim dividend for the six months ended 27 December 2009 on the back of continued strong trading by its operating businesses.

***Results for the six months ended 27 December 2009***

RCG has lifted consolidated Earnings Before Interest and Tax (EBIT) by 31.1% from \$2.7 million to \$3.6 million for the half year period. Consolidated profit after tax increased by 16.8% from \$2.5 million to \$2.9 million.

***The Athlete's Foot (TAF)***

Profits grew on the back of the exceptional sales performance of The Athlete's Foot network, which now numbers 141 stores across Australia and New Zealand. The chain recorded total sales growth of 11.4% from \$72.6 million to \$80.8 million for the half-year, with 8.4% like-for-like sales growth.

The strong sales growth has continued in the current half with like-for-like sales for the month of January, 2010, rising 16.7%. January is traditionally a strong sales month with back to school footwear purchases. Year to date like-for-like growth for the 7 months to the end of January stands at 10.4%. The Athlete's Foot achieved 23.7% EBIT growth to \$4.7 million for the six months.

The Athlete's Foot opened six new stores during the half-year, all of which are in the new, larger footprint format. In addition five existing stores were converted to the larger format during the half-year, taking the total number of large format stores to 14 at the end of December 2009.

Chairman of RCG Corporation, Mr Ivan Hammerschlag, said "We are delighted with the performance of The Athlete's Foot. The business continues to deliver consistently outstanding results, in contrast to the significant volatility being experienced by the retail sector as a whole. This is a testament to the clear and focussed direction and the cohesiveness of both management and franchises in delivering a consistently outstanding customer experience every time.

"We also continue to be very pleased with the performance of our new larger format stores. This has now become the standard presentation for all new stores and we are working hard to convert existing stores to the new format as quickly possible", he added.

#### Shoe Superstore

The financial performance of Shoe Superstore, a three store non-mall based branded comfort footwear business acquired in September 2009, met RCG's expectations of being close to break-even for the period.

The business is growing strongly, with sales for the four months since acquisition of \$1.45 million, a like-for-like rise of 19.6% on the comparable period in the previous year.

Mr Hammerschlag said, "We are well advanced and on track with our strategic planning for the Shoe Superstore business and look forward to strong results in the future".

#### Merrell (RCG Brands)

RCG commenced its distribution of the Merrell brand of outdoor, comfort, active lifestyle, performance footwear and apparel on 1 January 2010. The Merrell business is held RCG's wholesale and distribution subsidiary, RCG Brands Pty Limited. Whilst the business did not trade for the half-year, the Company did capitalise \$200k of set-up costs and expensed approximately \$177k in other expenses during the period.

Chairman Hammerschlag said, "We continue to be very excited about the Merrell business and the opportunities it presents. The business is up and running smoothly and servicing its customers efficiently. We look forward to exploring the growth opportunities in the coming months".

**Dividends**

RCG has announced that it will pay an interim dividend of 0.75 cents per share on 24 March 2010 to shareholders registered on the 5 March 2010 record date. RCG's dividend reinvestment plan will not apply to this dividend.

This dividend is consistent with the announcement made by the Company in November 2009 that the board is committed to returning to shareholders a high proportion of after tax earnings as fully franked dividends, both interim and final.

Chairman Hammerschlag said, "The Company has not paid an interim dividend since its maiden dividend in 2005. We are delighted the Company's stable and growing profit, its excellent cashflow and its strong liquid balance sheet are now allowing us to pay regular and substantial dividends".

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