

MEDIA RELEASE

MARKET UPDATE: 29/11/2009

**RCG CORPORATION POSTS DOUBLE DIGIT GROWTH
IN FOUR MONTHS TO OCTOBER**

- **10% like-for-like sales growth from The Athlete's Foot for 4 months to October**
- **30% like-for-like sales growth in large format stores over same period**
- **11 large format The Athlete's Foot stores now open, with another 10 by the end of the financial year**
- **Set up of the RCG distribution business on track for 1 January start**
- **Shoe Superstore now fully integrated and performing according to plan**
- **Interim and final dividend payments of approximately 70% of after tax profits confirmed**

RCG Corporation Limited (ASX: RCG) has announced that its The Athlete's Foot business (TAF) has started the financial year exceptionally well, achieving like-for-like sales growth of 10% for the four months to October 31, 2009.

This growth is on the back of RCG's 10.9% like-for-like sales growth for the 2009 financial year to June 30, 2009.

The Company also announced that for the four months to the end of October, like-for-like sales growth was 30% in those TAF stores which had been converted to the new larger format. There are now five such stores together with six brand new large format stores.

TAF plans to open another eight conversions and two new stores, taking the total number of large format stores to 21 by the end of June 2010.

"Directors continue to be delighted with the consistently exceptional performance of The Athlete's Foot. It is a testament to the highly competent and focussed management team, as well as the consistency and strength of the brand message," said Chairman, Mr Ivan Hammerschlag.

The company also confirmed that the establishment of its new wholesale/distribution business is almost complete and will be ready to start shipping Merrell product as soon as its contract begins in January 2010.

“We are really excited by the distribution business and intend to explore ways to capitalise on the opportunity over the near future”, he added.

Mr Hammerschlag continued that RCG’s other new business, the three-store Shoe Superstore chain, has now been fully integrated into RCG’s infrastructure and is performing according to plan.

“We stick by our earlier assessment that Shoe Superstore is unlikely to have a material impact on group earnings for the next two to three years”, he said, “but we have started doing some exciting brand development work on the business and are looking forward to substantially improving the customer experience in the existing stores, before commencing a rollout of new stores”.

Mr Hammerschlag confirmed that with the company’s liquid balance sheet and strong earnings, the board is committed to returning to shareholders a high proportion of after tax earnings as fully franked dividends on a consistent basis. The company now intends to pay both interim and final dividends, which are expected to be fully franked.

“If the company continues to prosper and does not need its cash reserves to make acquisitions, we intend to return approximately 70% of the after tax earnings to the shareholders by way of both interim and final dividends, while consideration will also be given to paying special dividends, as we did in respect of the 2009 financial year,” he concluded.

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