



MEDIA RELEASE

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RCG Corporation Limited results for the half-year ended 28 December 2008

RCG Corporation Limited (ASX: RCG), parent company of The Athlete's Foot Australia, today announced its results for the half-year ended 28 December 2008. An Appendix 4D together with a Financial Report for the half-year has been released separately to the market. An overview of the financial results and operational activity for the period is presented below:

Financial performance

The group's profitability for the first half of the financial year has met all of management's original forecasts and, given the rapidly deteriorating economic climate, this is an outstanding result. The Athlete's Foot has continued to achieve solid like-for-like sales growth in the current climate and is outperforming both its sector and specialty retail in general. Together with the revenue increases attributable to the growth in store numbers and other revenue initiatives, this has resulted in The Athlete's Foot increasing profit before tax by 30% compared to the same period last year.

At the same time, RCG earned a significant amount of interest on its substantial cash balance, which stood at \$27.39m at the end of December.

As a result of these factors group net profit before tax was \$3.73m for the period, an increase of 60% on the same period last year. No tax was payable for the six months to December 2007 as a result of carried forward tax losses at that time.

The following table summarises some of the key financial metrics.

	Jul 08 – Dec 08 (\$000's)	Jul 07 – Dec 07 (\$000's)	Percentage improvement
The Athlete's Foot group sales:			
• Like-for-like sales	68,160	65,458	4.1%
• Total sales	72,541	66,413	9.2%
The Athlete's Foot net profit before tax	3,799	2,918	30.1%
RCG corporate costs	(1,058)	(1,000)	(5.8%)
Interest earned	987	414	138.4%
Net profit before tax	3,728	2,332	59.9%
Income tax expense	(1,239)	-	-
Consolidated net profit after tax	2,489	2,332	6.7%

The Athlete's Foot's excellent performance has continued through January 2009, with the group reporting record total sales and 20% like-for-like growth for the month.

Operational initiatives

As indicated at the end the last financial year, The Athlete's Foot management has been developing a new, larger store concept for some time. This concept incorporates an extended product range and a new store design. The first such store, which was a relocation and conversion of a traditional The Athlete's Foot store, commenced trading in early November at the Macquarie Centre in Sydney's Northern Suburbs. The results

from the store have exceeded all expectations. For the three months to the end of January, the store's sales were up 38% on the same period in the previous year. In addition to this, the feedback from landlords, suppliers and franchisees has been exceptionally positive.

As a result of this success, The Athlete's Foot expects to convert another three stores to the new format before the end of the financial year and is in the process of finalising a detailed rollout programme for FY2010 and beyond. This new format provides The Athlete's Foot with an exciting growth platform into the future.

As always, The Athlete's Foot has continued to focus on improving its already outstanding service delivery and consistency across all customer interface touch points. In addition, franchisees continue to work ever harder in their local communities to develop customer relationships "beyond the lease line". The business opened 5 new stores in the 6 months to the end of December, taking the total number of stores in the group to 136.

Acquisitions

Shareholders will be aware that RCG has been actively engaged in identifying and examining potential acquisitions for a substantial period of time. Whilst many potential opportunities have been reviewed during this time, management has adopted a conservative approach in its assessment of all would-be acquisitions. RCG believes that such an approach has stood it in good stead and is all the more necessary given the economic turmoil that has unfolded in recent months.

Despite this, the Company remains committed to making the right strategic acquisition and believes that current market conditions will present the group with appropriate opportunities at good value over the coming months.

Conclusion

RCG has achieved all of its financial and operational goals for the first half of the 2009 financial year. This, combined with the excellent results for January 2009, gives the operating business year to date like-for-like growth of 7.6%, and provides management with confidence that the business will continue to perform to management's high level of expectation.

About RCG Corporation

RCG Corporation Limited (ASX:RCG) is an investment holding company that owns The Athlete's Foot Australia Pty Limited, Australia's largest speciality retailer of athletic footwear, which now operates 136 stores across Australia and New Zealand. RCG Corporation has a highly liquid balance sheet and is actively seeking synergistic acquisition opportunities that enable it to leverage its human and financial resources to maximum effect.

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