



**RCG ANNOUNCES
NEW ROYALTY FREE LICENCE AGREEMENTS FOR
THE ATHLETE'S FOOT AUSTRALIA AND NEW ZEALAND**

7 August 2009

RCG Corporation today announced:

- **New royalty free licence agreements for The Athlete's Foot in Australia and New Zealand for an effective period of 249 years.**
- **The new agreements are expected to deliver an increase in profit before tax of approximately \$1.2m for FY10.**

RCG Corporation Limited (ASX: RCG) today announced that it has signed new long term licence agreements for its The Athlete's Foot business in Australia and New Zealand (TAF), under which it will pay no ongoing licence fees to the US licensor. This will result in substantial annual savings for RCG.

Under the new agreements, which commence on 7 August 2009 (Australian time) and have an effective term of 249 years, RCG has paid a lump sum of US\$6.2m and has no ongoing licence fees to pay for the term of the agreement. The new agreement also removes a number of other restrictions contained in the previous licence agreements.

The new licence agreements have a material positive impact on the profitability of TAF. The increase in FY10 profit before tax as a result of the new agreements is expected to be approximately \$1.2m. It will therefore have a substantial positive effect on RCG's earnings per share and in turn deliver considerable long term shareholder value.

"This investment is an exceptionally sound deployment of our capital, one that provides us with excellent returns" commented Chairman Ivan Hammerschlag. "It not only delivers long term certainty to the business, but secures a significant increase in The Athlete's Foot's annual earnings and with that delivers substantial shareholder value," he concluded.

Trading Update

TAF has continued to perform exceptionally well despite challenging market conditions. Like-for-like sales growth for the six months to the end of June 2009 was 17%, resulting in total like-for-like sales growth for the full financial year of 11% and total sales growth of 15%.

The rollout of TAF's new large format stores has continued with four stores now having been converted. Sales from the converted stores have exceeded all expectations, with like-for-like sales increases in excess of 30%.

"We are delighted with the performance of our new bigger format stores", said Chairman Hammerschlag, "and we will continue with the rollout in earnest. We expect to have at least 10 of these large format stores operational by Christmas 2009."

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