

APPENDIX 4D (Rule 4.2A) HALF-YEAR REPORT FOR THE PERIOD ENDED 27 DECEMBER 2015

Results for announcement to the market

(All comparisons to the period ended 28 December 2014)

Revenue and Profit	27 Dec 2015 \$'000	28 Dec 2014 \$'000	Up/ Down	Move- ment %
Revenues from ordinary activities	219,650	49,002	Up	348.2%
Net profit after tax	16,167	5,618	Up	187.8%
Profit after tax attributable to owners	16,098	5,569	Up	189.1%

Dividend Information	Dividend paid/payable date	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking
Final 2015 dividend per share	25 Sep 2015	2.50	2.50	30%
Interim 2016 dividend per share	24 Mar 2016	2.50	2.00	30%

Interim dividend dates

Ex-dividend date	29 February 2016
Record date for determining entitlements to dividend	2 March 2016
Payment date	24 March 2016

RCG's dividend reinvestment plan will not apply to this dividend.

Net tangible assets per share	27 Dec 2015	28 Dec 2014
Net tangible assets per share (cents)	2.7	11.9

Details of entities over which control has been gained or lost during the period

Nil

Additional Appendix 4D disclosure requirements can be found in the attached Financial Report and the notes thereto.

This report is based on the attached Financial Report which has been subject to audit review.



RCG CORPORATION LIMITED

ABN 85 108 096 251

Condensed Consolidated Financial Statements for the half-year ended 27 December 2015

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RCG Corporation Limited

ABN 85 108 096 251

Directors

Ivan Hammerschlag
Hilton Brett
Michael Hirschowitz
Michael Cooper
Michael Hapgood
Daniel Agostinelli
Craig Thompson
David Gordon
Stephen Kulmar

Company Secretary

Leanne Ralph

Registered and Administration Office

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Share Registry

Computershare Investor Services Pty
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ACN 078 279 277
GPO Box 2975
Melbourne VIC 3001
Telephone: 1300 850 505

Auditors

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney, NSW 2000

Bankers

National Australia Bank

Stock Exchange Listing

Australian Securities Exchange
(ASX Code: RCG)

DIRECTORS' REPORT

Your directors submit the condensed consolidated financial statements of RCG Corporation Limited ('the Company' or 'RCG') and its controlled entities ('the consolidated entity' or 'the Group') for the half-year ended 27 December 2015.

Directors

The names of the directors who held office during or since the end of the half-year:

Ivan Hammerschlag
Hilton Brett
Michael Hirschowitz
Michael Cooper
Michael Haggood
Daniel Agostinelli
Craig Thompson
David Gordon
Stephen Kulmar

Company Secretary

Leanne Ralph (Appointed 24 November 2015)

Principal Activities

RCG is an investment holding company which owns and operates a large number of footwear and apparel businesses in the performance and active lifestyle sectors.

In May 2015, RCG successfully completed the acquisition of Accent Group Limited (AGL) – a New Zealand company with operating subsidiaries in Australia and New Zealand.

RCG's acquisition of AGL has resulted in the creation of a regional leader in the retail and distribution sectors of branded footwear, with over 300 stores across different retail chains and exclusive distribution rights for 12 international brands across Australia and New Zealand.

The combined group's brands now include The Athlete's Foot, Platypus Shoes, Podium Sports, Skechers, Merrell, CAT, Vans, Dr. Martens, Saucony, Timberland, Sperry Top-Sider, K-Swiss, InStride, Palladium and Stance.

Operating Results

For the half year ended 27 December 2015 the consolidated entity recorded Net Profit after Tax ("NPAT") attributable to owners of the company of \$16.2 million, an increase of 188% on the prior year's \$5.6 million. Underlying¹ NPAT increased 209% to \$17.3 million.

Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") was \$30.3 million, an increase of 287% on the prior year's \$7.8 million.

Underlying diluted Earnings Per Share was 3.73 cents, an increase of 74% on the prior year's 2.15 cents.

¹ References to "underlying" results are references to non-IFRS financial information, which management believes is more meaningful for investors than reported (IFRS) financial information. A reconciliation between underlying and reported financial information is provided in the appendix to our investor presentations which can be downloaded from our website at rcgcorp.com.au

Review of Operations

The Athlete's Foot

The Athlete's Foot recorded total group sales of \$98.1 million for the half-year, an increase of 3.5% on the same period in the prior year. Like-for-like sales for the period were 4.3% up on the same period in the prior year.

The Athlete's Foot's EBITDA for the half-year was up 1% to \$5.6 million.

The investment over the last two to three years in key business initiatives including CRM, retail management and business intelligence systems is beginning to deliver tangible benefits that are driving growth.

RCG Brands

RCG Brands, RCG's wholesale and vertical retail business, continued to grow and thrive with its complementary stable of quality international brands. The division recorded sales of \$33.7 million for the half-year, an increase of 11% on the previous year. Wholesale sales grew 7.6% to \$19.1 million and retail sales through its Merrell and Podium stores grew 15.2% to \$14.6 million. Like-for-like sales for the period were 6.9% up on the same period in the prior year.

RCG Brands EBITDA for the half-year was \$4.3 million, an increase of 8.5% on the previous year's \$3.9 million.

Accent Group

RCG completed the acquisition of Accent Group in May 2015. Accent is the Australian and New Zealand distributor of a number of international footwear, apparel and accessory brands including Vans, Skechers, Timberland, Dr Martens, Stance, Palladium and K Swiss and also owns and operates the Platypus Shoes sneaker stores, as well as a number of mono-branded Skechers, Vans and Timberland stores.

The Accent Division recorded total sales of \$165.4 million and EBITDA of \$22.3m. Retail sales were \$120.0 million, up 70% on the same period in the prior year. Like-for-like sales for the period were 25% up on the same period in the prior year. Wholesale sales for the period grew by 7.9% compared to the same period in the prior year.

Accent opened 18 new stores during the half-year, including nine Platypus, five Skechers, three Vans and one Timberland store, taking the total number of stores at 27 December 2015 to 127.

Dividends

On 26 August 2015, the Company declared an ordinary fully franked dividend of 2.50 cents per share. The dividend was paid on 25 September 2015. On 24 February 2016 the Company declared an interim dividend of 2.5 cents per share to be paid on 24 March 2016 to shareholders registered on the 2 March 2016 record date. RCG's dividend reinvestment plan will not apply to this dividend.

Auditor's Independence Declaration

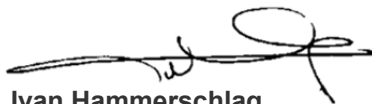
The auditor's independence declaration has been received and can be found on page 5 of the half-year report.

Rounding off of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the half-year financial report and in the financial statements are rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Board of directors made pursuant to s306 (3) of the Corporations Act 2001.

On behalf of the Directors



Ivan Hammerschlag
Chairman



Hilton Brett
CEO

Sydney, 24 February 2016

Deloitte.

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The Board of Directors
RCG Corporation Limited
719 Elizabeth Street
Waterloo NSW 2017

24 February 2016

Dear Board Members

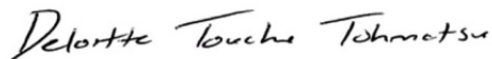
RCG Corporation Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of RCG Corporation Limited.

As lead audit partner for the review of the financial statements of RCG Corporation Limited for the half-year ended 27 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants

RCG Corporation Limited and its controlled entities
Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 27 December 2015

	Note	Consolidated	
		Dec 2015 \$'000	Dec 2014 \$'000
Continuing operations			
Revenue	2	219,650	49,002
Finished goods used		(116,543)	(20,896)
Changes in merchandise inventories		13,485	1,575
Employee benefits expense		(40,119)	(9,164)
Rental expenses on operating leases		(19,471)	(3,823)
Advertising and promotion expenses		(6,500)	(3,311)
Travel and telecommunications expenses		(1,853)	(588)
Warehouse and freight expenses		(8,928)	(1,584)
Depreciation and amortisation expense		(6,077)	(695)
Provision for doubtful debts	4	(137)	(5)
Finance costs		(2,172)	(100)
Other expenses		(8,746)	(2,863)
Profit before income tax		22,589	7,548
Income tax expense		(6,422)	(1,930)
Profit for the period		16,167	5,618
Other comprehensive income for the period net of tax			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		442	108
Net (loss)/gain on foreign exchange hedges		(2,490)	1,875
Total comprehensive income for the period		14,119	7,601
Profit for the period attributable to:			
Owners of the Company		16,098	5,569
Non-controlling interests		69	49
		16,167	5,618
Total comprehensive income attributable to:			
Owners of the Company		14,050	7,552
Non-controlling interests		69	49
		14,119	7,601
Earnings per share			
Basic earnings per share (cents per share)	12	3.55	2.19
Diluted earnings per share (cents per share)	12	3.47	2.15

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

RCG Corporation Limited and its controlled entities
Condensed consolidated statement of financial position
As at 27 December 2015

		Consolidated	
		Dec 2015	Jun 2015
Note		\$'000	\$'000
Current Assets			
	Cash and cash equivalents	32,875	29,990
4	Trade and other receivables	28,879	23,701
5	Inventories	84,930	71,445
11	Derivative financial instruments	703	2,412
	Other current assets	1,204	1,231
	Total current assets	148,591	128,779
Non-current Assets			
4	Trade and other receivables	869	869
6	Property, plant and equipment	33,666	28,403
7	Intangible assets	246,821	248,486
	Deferred tax assets	7,188	5,699
	Total non-current assets	288,544	283,457
	TOTAL ASSETS	437,135	412,236
Current Liabilities			
8	Trade and other payables	57,515	63,252
9	Borrowings	22,305	7,956
	Current tax liabilities	5,507	3,059
10	Short-term provisions	4,715	3,979
	Total current liabilities	90,042	78,246
Non-current Liabilities			
9	Borrowings	75,000	78,000
	Deferred tax liabilities	8,147	8,259
	Long-term provisions	4,292	3,045
	Derivative financial instruments	606	311
	Total non-current liabilities	88,045	89,615
	TOTAL LIABILITIES	178,087	167,861
	NET ASSETS	259,048	244,375

RCG Corporation Limited and its controlled entities
Condensed consolidated statement of financial position
As at 27 December 2015

	Consolidated	
	Dec 2015	Jun 2015
Note	\$'000	\$'000
Equity		
Issued capital	269,924	257,741
Reserves	5,934	7,780
Accumulated losses	(18,347)	(22,693)
Equity attributable to the owners of the company	257,511	242,828
Non-controlling interest	1,537	1,547
TOTAL EQUITY	259,048	244,375

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

RCG Corporation Limited and its controlled entities
Condensed consolidated statement of changes in equity
For the half-year ended 27 December 2015

	Issued Capital No. in 000	Issued Capital \$'000	Foreign Currency Reserves \$'000	Share Plan Reserve \$'000	Hedge Reserve \$'000	Accum- ulated Losses \$'000	Non- controlling interest \$'000	Total \$'000
Balance at 29 June 2014	254,093	70,860	(16)	3,138	(590)	(21,053)	651	52,990
Shares issued during the period								
Exercise of options	-	-	-	-	-	-	-	-
Issue of shares for acquisition	-	-	-	-	-	-	-	-
Capitalised option fees	-	-	-	-	-	-	-	-
Issue under Employee Share Scheme	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-
Share based payment	-	-	-	171	-	-	-	171
Non-controlling interest	-	-	-	-	-	-	726	726
Profit for the period	-	-	-	-	-	5,569	49	5,618
Other Comprehensive Income for the period net of tax	-	-	108	-	1,875	-	-	1,983
Total Comprehensive Income	-	-	108	-	1,875	5,569	49	7,601
Dividends paid or provided for	-	-	-	-	-	(6,595)	(37)	(6,632)
Balance at 28 December 2014	254,093	70,860	92	3,309	1,285	(22,080)	1,389	54,855
Balance at 28 June 2015	436,265	257,741	2,790	3,519	1,471	(22,693)	1,547	244,375
Shares issued during the period								
Exercise of options	3,550	1,091	-	-	-	-	-	1,091
Issue of shares for acquisition	-	-	-	-	-	-	-	-
Share placement	14,366	10,056	-	-	-	-	-	10,056
Transaction costs for issue of shares	-	-	-	-	-	-	-	-
Capitalised option fees	-	136	-	-	-	-	-	136
Issue under Employee Share Scheme	1,700	-	-	-	-	-	-	-
Treasury shares	(1,700)	-	-	-	-	-	-	-
Payment for Treasury shares	3,000	900	-	-	-	-	-	900
Share based payment	-	-	-	202	-	-	-	202
Non controlling interest	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	16,098	69	16,167
Other Comprehensive Income for the period net of tax	-	-	442	-	(2,490)	-	-	(2,048)
Total Comprehensive Income	-	-	442	-	(2,490)	16,098	69	14,119
Dividends paid or provided for ^(a)	-	-	-	-	-	(11,752)	(79)	(11,831)
Balance at 27 December 2015	457,181	269,924	3,232	3,721	(1,019)	(18,347)	1,537	259,048

a) The Company declared an ordinary fully franked dividend of 2.50 cents per share on 26 August 2015.

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

RCG Corporation Limited and its controlled entities
Condensed consolidated statement of cash flows
For the half-year ended 27 December 2015

	Consolidated	
	Dec 2015	Dec 2014
Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and franchisees	215,615	57,497
Payments to suppliers and employees	(170,092)	(47,135)
Payments for operating leases	(21,712)	(4,205)
Net income tax paid	(5,235)	(2,535)
Net cash provided by operating activities	18,576	3,622
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in TAF Partnership stores	-	(1,338)
Loans to outside shareholders of TAF Partnership stores	-	(363)
Investment in acquiring Instride business	-	(65)
Interest received	652	490
Payment for purchase of business	(15,275)	-
Payment for property, plant and equipment	(10,030)	(1,259)
Net cash used in investing activities	(24,653)	(2,535)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	11,349	1,257
Net proceeds from issue of shares	12,045	-
Repayment of loans from option recipients	29	-
Interest and other finance costs paid	(2,171)	-
Dividends paid	(11,831)	(6,595)
Net cash used in financing activities	9,421	(5,338)
Net increase/(decrease) in cash held	3,344	(4,251)
Cash at beginning of the period	29,990	16,079
Effects of exchange rate changes on the balance of cash held in foreign currencies	(459)	-
Cash at end of the period	32,875	11,828

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

RCG Corporation Limited and its controlled entities
Notes to the condensed consolidated financial statements for the half-year ended
27 December 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year condensed consolidated financial statements are general purpose financial statements prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. The half-year condensed consolidated financial statements do not include notes of the type normally included in an annual report and are to be read in conjunction with the most recent annual consolidated financial statements and any public announcements made by RCG during the interim reporting period in accordance with the continuous reporting requirements of the Corporations Act 2001.

Basis of preparation

The financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of certain non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. All amounts are presented in Australian dollars, unless otherwise noted.

The financial report covers the consolidated entity of RCG Corporation Limited and controlled entities. RCG Corporation Limited is a listed public company incorporated and domiciled in Australia.

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the director's report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Critical accounting estimates

The preparation of the half-year condensed consolidated financial statement requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year condensed consolidated financial statement, the judgements made by management in applying the consolidated entities accounting policies and the key source of estimation uncertainty were the same as those applied to the consolidated financial report as at the end of 28 June 2015.

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

RCG Corporation Limited and its controlled entities

Notes to the condensed consolidated financial statements for the half-year ended 27 December 2015

New and revised Standards and amendments thereof and Interpretations effective for the current half-year include:

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'
- AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australia Groups with a Foreign Parent'

The adoption of the above Standards does not have any impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

	Consolidated	
	Dec 2015 \$'000	Dec 2014 \$'000
2. REVENUE		
a) Sales revenue		
Sales to customers	208,854	38,872
Royalties and other franchise related income	7,398	7,340
	216,252	46,212
b) Other revenue		
Marketing levies received from TAF stores ^(a)	1,922	1,853
Interest	571	420
Other revenue	905	517
Total Revenue	219,650	49,002

- a) *Marketing levies are recognised in the period the sales are recorded by the TAF stores. Marketing levies are collected by the Group for specific use within the TAF Marketing Fund, which is operated on behalf of TAF stores. All the contributions are designated for specific purposes and do not result in a profit or loss for the Group.*

RCG Corporation Limited and its controlled entities

Notes to the condensed consolidated financial statements for the half-year ended 27 December 2015

Consolidated	
Dec 2015	Dec 2014
\$'000	\$'000

3. EXPENSES

Profit from continuing operations before income tax includes the following specific expenses

Depreciation and amortisation expense

Property, plant and equipment depreciation expense	4,411	642
Intangible amortisation expense	1,666	53
	6,077	695

External Finance costs

Interest on deferred consideration	-	12
Other finance costs	2,172	88
	2,172	100

Rental expense relating to operating leases

Minimum lease payments	19,471	3,823
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Consolidated	
Dec 2015	Jun 2015
\$'000	\$'000

4. TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	24,546	20,525
Other receivables	5,313	4,019
Provision for doubtful debts	(980)	(843)
	28,879	23,701

NON-CURRENT

Loans to outside shareholders in TAF Partnership stores ^(a)	869	869
	869	869

a) Secured over the minority shareholders' share in the underlying TAF Partnership store entities.

5. CURRENT ASSETS - INVENTORIES

Finished goods at cost, less provision for obsolescence	84,930	71,445
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RCG Corporation Limited and its controlled entities

Notes to the condensed consolidated financial statements for the half-year ended 27 December 2015

	Consolidated	
	Dec 2015 \$'000	Jun 2015 \$'000
6. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment - at cost	63,115	53,493
Less: Accumulated depreciation	(29,991)	(25,426)
	<u>33,124</u>	<u>28,067</u>
Assets under construction	542	336
	<u>33,666</u>	<u>28,403</u>
	Dec 2015 \$'000	Dec 2014 \$'000
Movements in carrying amounts		
Property, plant and equipment - at cost		
At cost		
Balance at beginning of year	53,493	9,768
Additions	9,465	1,361
	<u>62,958</u>	<u>11,129</u>
Accumulated depreciation		
Balance at beginning of year	25,426	4,201
Depreciation expense	4,408	640
	<u>29,834</u>	<u>4,841</u>
	<u>33,124</u>	<u>6,288</u>
Assets under construction	542	531
Net book value	<u>33,666</u>	<u>6,819</u>

RCG Corporation Limited and its controlled entities

Notes to the condensed consolidated financial statements for the half-year ended 27 December 2015

	Consolidated	
	Dec 2015	Jun 2015
	\$'000	\$'000
7. INTANGIBLE ASSETS		
a. Trademark		
Trademark - The Athlete's Foot - at cost	3,466	3,466
Trademark - Accent Group - at cost	10,400	10,400
	13,866	13,866
b. Goodwill		
Goodwill - The Athlete's Foot - at cost	6,101	6,101
Goodwill - Accent Group - at cost	198,761	198,761
Goodwill - The Athlete's Foot Corporate & Partnership stores - at cost	2,824	2,824
Goodwill - Saucony and Podium - at cost	4,290	4,290
Other Goodwill - at cost	159	159
	212,135	212,135
c. Licence fee		
Licence fee - The Athlete's Foot - at cost	7,832	7,832
Amortisation	(187)	(171)
	7,645	7,661
d. Distribution rights		
Distribution rights - Accent Group - at cost	15,100	15,100
Amortisation	(1,925)	(276)
	13,175	14,824
 Total Intangibles	 246,821	 248,486

(a) The values identified in relation to the acquisition of Accent Group are provisional as at 27 December 2015 and will be finalised within 12 months from acquisition date of 27 May 2015.

8. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade creditors	37,290	30,751
Other creditors and accruals	20,225	32,501
	57,515	63,252

RCG Corporation Limited and its controlled entities

Notes to the condensed consolidated financial statements for the half-year ended 27 December 2015

	Consolidated	
	Dec 2015 \$'000	Jun 2015 \$'000
9. BORROWINGS		
Secured, at amortised cost		
Current		
Working capital facility	19,305	7,956
Bank loan	3,000	-
	22,305	7,956
Non-current		
Vendor loan notes	28,000	28,000
Bank loan	47,000	50,000
	75,000	78,000
 Total Borrowings	 97,305	 85,956
10. PROVISIONS		
Current		
Employee benefits	3,162	2,775
Lease incentives	1,553	1,204
	4,715	3,979
Non-current		
Employee benefits	513	235
Lease incentives	3,779	2,810
	4,292	3,045

RCG Corporation Limited and its controlled entities

Notes to the condensed consolidated financial statements for the half-year ended 27 December 2015

		Consolidated	
		Dec 2015	Jun 2015
		\$'000	\$'000
11. DERIVATIVE INSTRUMENTS			
a. Financial assets - Current			
Derivatives designated and effective as hedging instruments carried at fair value			
Foreign currency forward contracts			
		703	2,412
		703	2,412
Financial liabilities - Current			
Derivatives designated and effective as hedging instruments carried at fair value			
Interest rate swap contracts			
Foreign currency forward contracts			
		-	-
		-	-
b. Financial assets - Non-current			
Derivatives designated and effective as hedging instruments			
Foreign currency forward contracts			
		-	-
		-	-
Financial liabilities - Non-current			
Derivatives designated and effective as hedging instruments			
Interest rate swap contracts			
		606	311
		606	311

RCG Corporation Limited and its controlled entities

Notes to the condensed consolidated financial statements for the half-year ended 27 December 2015

Consolidated	
Dec 2015	Dec 2014
\$'000	\$'000

12. EARNINGS PER SHARE

Earnings used for calculation of basic and diluted earnings per share

Profit for the period attributable to owners of the company from continuing operations	16,098	5,569
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Number of shares	
'000	'000

Weighted average number of shares

Weighted average number of shares used in the calculation of basic EPS	454,121	254,093
Weighted average number of options and ESS on issue	9,462	5,027
Weighted average number of shares used in the calculation of diluted EPS	463,583	259,120

Earnings per share

Cents per share	
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From continuing operations		
Basic earnings per share attributable to the owners of the company	3.55	2.19
Diluted earnings per share attributable to the owners of the company	3.47	2.15

RCG Corporation Limited and its controlled entities

Notes to the condensed consolidated financial statements for the half-year ended
27 December 2015

	Consolidated	
	Dec 2015	Jun 2015
	\$'000	\$'000
13. COMMITMENTS		
a. Capital Expenditure Commitments		
Estimated capital expenditure at reporting date, not provided for in the financial statements pertaining to plant and equipment		
- not later than one year	2,905	4,457
b. Operating Lease Commitments		
Future operating lease rentals (minimum lease payments) of premises, plant and equipment not provided for in the financial statements and payable under non-cancellable operating leases.		
- not later than one year	27,632	28,307
- later than one year but not later than five years	65,164	73,401
- later than five years	5,088	5,017
	97,884	106,725

RCG Corporation Limited and its controlled entities

Notes to the condensed consolidated financial statements for the half-year ended 27 December 2015

15. Operating Segments

a. Identification of reportable operating segments

The Group is presently organised into four operating segments: The Athlete's Foot, RCG Brands, Accent Group and Corporate. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis.

b. Types of products and services

The principal products and services of each of these operating segments are as follows:

The Athlete's Foot - franchisor and retailer of general sports footwear;
RCG Brands - wholesalers and retailers of Merrell, Caterpillar, Sperry, Saucony and InStride branded footwear/apparel in Australia and operators of Merrell Retail and Podium Sports stores;
Accent Group - wholesalers and retailers of Skechers, VANS, Dr. Martens, Timberland, Palladium and KSwiss branded footwear/apparel and accessories, and operators of Skechers, Vans, Timberland and Platypus retail stores;
Corporate - RCG corporate which provides company secretarial, legal, financial, human resources management, investor and public relations services

c. Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

d. Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

RCG Corporation Limited and its controlled entities
Notes to the condensed consolidated financial statements for the half-year ended
27 December 2015

15. SEGMENT INFORMATION (Continued)

Consolidated - half year ended Dec 2015	The Athlete's Foot	RCG Brands	Accent Group	Corporate/ Unallocated ^(a)	Intercompany Eliminations	Total
	Half year ended Dec 2015 \$'000	Half year ended Dec 2015 \$'000	Half year ended Dec 2015 \$'000	Half year ended Dec 2015 \$'000	Half year ended Dec 2015 \$'000	Half year ended Dec 2015 \$'000
Corporate & Partnership Stores (No.)	13	27	126	-	-	166
Online Stores (No.)	1	1	1	-	-	3
Franchise Stores (No.)	132	-	-	-	-	132
Total (No.)	146	28	127	-	-	301
Total Group Sales (including franchised stores)	98,123	33,653	120,015	-	-	251,791
Corporate Store Sales	9,828	14,560	120,015	-	-	144,403
Wholesale Sales	-	19,093	45,358	-	-	64,451
Sales to Customers	9,828	33,653	165,373	-	-	208,854
Less: Cost of goods sold	5,014	16,876	81,168	-	-	103,058
Gross Profit	4,814	16,777	84,205	-	-	105,796
Net Revenue from Franchising activity	7,398	-	-	-	-	7,398
Realised and unrealised FX gain	-	(2)	71	-	-	69
Other Income	414	98	324	-	-	836
Dividend received	-	-	-	-	-	-
Net Revenue	12,626	16,873	84,600	-	-	114,099
Less: Employee benefits expense	3,754	5,214	29,852	1,299	-	40,119
Less: Rental expenses on operating leases	1,703	2,457	15,216	95	-	19,471
Less: Total Other Expenses	1,520	4,917	17,212	593	-	24,242
EBITDA from continuing operations	5,649	4,285	22,320	(1,987)	-	30,267
Less: Depreciation and Amortisation	539	287	3,571	1,680	-	6,077
EBIT from continuing operations	5,110	3,998	18,749	(3,667)	-	24,190
Interest received/(paid)	48	-	(224)	(1,425)	-	(1,601)
Segment profit before tax from continuing operations	5,158	3,998	18,525	(5,092)	-	22,589
Segment Assets	30,512	33,785	138,560	269,802	(35,524)	437,135
Segment Liabilities	14,374	30,534	73,591	95,112	(35,524)	178,087

a) Unallocated Segment refers to RCG Corporate which provides company secretarial, legal, financial (including funding), human resources management, investor and public relation services. This also includes goodwill/intangible assets associated with business acquisitions and related depreciation/amortisation charges.

RCG Corporation Limited and its controlled entities
Notes to the condensed consolidated financial statements for the half-year ended
27 December 2015

15. SEGMENT INFORMATION (Continued)

Consolidated - half year ended Dec 2014	The Athlete's Foot	RCG Brands	Accent Group	Corporate/ Unallocated ^(a)	Intercompany Eliminations	Total
	Half year ended Dec 2014 \$'000	Half year ended Dec 2014 \$'000	Half year ended Dec 2014 \$'000	Half year ended Dec 2014 \$'000	Half year ended Dec 2014 \$'000	Half year ended Dec 2014 \$'000
Corporate & Partnership Stores (No.)	13	27	-	-	-	40
Online Stores (No)	1	-	-	-	-	1
Franchise Stores (No.)	133	-	-	-	-	133
Total (No.)	147	27	-	-	-	174
Total Group Sales (including franchised stores)	94,834	30,375	-	-	-	125,209
Corporate Store Sales	8,497	12,634	-	-	-	21,131
Wholesale Sales	-	17,741	-	-	-	17,741
Sales to Customers	8,497	30,375	-	-	-	38,872
Less: Cost of goods sold	4,468	14,853	-	-	-	19,321
Gross Profit	4,029	15,522	-	-	-	19,551
Net Revenue from Franchising activity	7,340	-	-	-	-	7,340
Realised and unrealised FX gain	-	-	-	-	-	-
Other Income	457	60	-	-	-	517
Dividend received	-	-	-	-	-	-
Net Revenue	11,826	15,582	-	-	-	27,408
Less: Employee benefits expense	3,173	4,831	-	1,160	-	9,164
Less: Rental expenses on operating leases	1,498	2,233	-	92	-	3,823
Less: Total Other Expenses	1,561	4,569	-	468	-	6,598
EBITDA from continuing operations	5,594	3,949	-	(1,720)	-	7,823
Less: Depreciation and Amortisation	416	227	-	52	-	695
EBIT from continuing operations	5,178	3,722	-	(1,772)	-	7,128
Interest (paid)/received	21	-	-	399	-	420
Segment profit before tax from continuing operations	5,199	3,722	-	(1,373)	-	7,548
Segment Assets	30,806	31,621	-	34,344	(23,440)	73,331
Segment Liabilities	12,031	25,157	-	4,727	(23,440)	18,475

a) Unallocated Segment refers to RCG Corporate which provides company secretarial, legal, financial (including funding), human resources management, investor and public relation services. This also includes goodwill/intangible assets associated with business acquisitions and related depreciation/amortisation charges.

RCG Corporation Limited and its controlled entities

Notes to the condensed consolidated financial statements for the half-year ended 27 December 2015

16. NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

e. Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	Dec 2015 \$'000	Jun 2015 \$'000		
Foreign currency forward contracts	703	2,412	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Interest rate swap contracts	(606)	(311)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

RCG Corporation Limited and its controlled entities

Notes to the condensed consolidated financial statements for the half-year ended 27 December 2015

f. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of the following financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values:

	Dec 2015 \$'000	Jun 2015 \$'000
Financial assets		
Trade and other receivables	28,879	23,701
Cash and cash equivalents	32,875	29,990
Financial liabilities		
Trade and other payables	57,515	63,252
Borrowings	97,305	85,956

17. ISSUES OF EQUITY

Issued capital as at 27 December 2015 amounted to \$269,924 thousand represented by 457,215,785 shares (470,215,785 equity shares less treasury shares 13,035,000). During the half-year the company issued ordinary shares for \$10,056 thousand (14,366,000 ordinary shares under the Share Purchase Plan and 1,700,000 ordinary shares were issued under the RCG Employee Share Scheme. During the year 3,550,000 options issued under the Employee Option Plan were exercised.

18. DIVIDENDS

On 26 August 2015, the Company declared an ordinary fully franked dividend of 2.50 cents per share amounting to \$11.7 million. The dividend was paid on 25 September 2015. On 24 February 2016 the Company declared an interim dividend of 2.5 cents per share to be paid on 24 March 2016 to shareholders registered on the 2 March 2016 record date. RCG's dividend reinvestment plan will not apply to this dividend.

19. SUBSEQUENT EVENTS

The Company is not aware of any subsequent event that has occurred since balance date that could materially affect these financial statements.

RCG Corporation Limited and its controlled entities

**Notes to the condensed consolidated financial statements for the half-year ended
27 December 2015**

20. CONTINGENT LIABILITIES

Bank guarantees outstanding as of 27 December 2015 amounted to \$6.67 million (\$0.68 million in December 2014) and open letters of credit of \$12.41 million (Nil in December 2014).

The Athlete's Foot has entered into operating lease commitments with landlords in its capacity as head lessor for stores operated by its franchisees. However, its franchisees have simultaneously undertaken to meet the rental commitments through back-to-back licence agreements. In addition, some franchisees have provided bank guarantees (generally for a maximum period of three months' rent) and in some instances personal guarantees to the landlords of the properties. The company and its subsidiaries would become liable in the event of a default by any franchisee. The maximum possible exposure would be \$61.9 million (less than one year \$18.6 million; between one and five years \$40 million; and \$3.3 million over five years). This would arise only in the event that all franchisees defaulted at the same time.

21. COMPANY DETAILS

The registered office and principal place of business is:

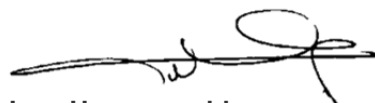
RCG Corporation Limited
719 Elizabeth Street, Waterloo
NSW 2017, AUSTRALIA

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes to RCG Corporation Limited ('the consolidated entity'), as set out on pages 6 to 25, are in accordance with the Corporations Act 2001; including that they:
 - a. comply with Australian Accounting Standards AASB 134 "Interim Financial Reporting", the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the financial position as at 27 December 2015 and performance for the half-year ended on that date of the consolidated entity.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Ivan Hammerschlag
Chairman



Hilton Brett
CEO

Sydney, 24 February 2016

Independent Auditor's Review Report to the Members of RCG Corporation Limited

We have reviewed the accompanying half-year financial report of RCG Corporation Limited, which comprises the condensed statement of financial position as at 27 December 2015, the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year, as set out on pages 6 to 26.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 27 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of RCG Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Limited liability by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

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Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of RCG Corporation Limited would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of RCG Corporation Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 27 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants
Sydney, 24 February 2016