RCG Corporation Limited
Appendix 4E
Preliminary final report

RCG CORPORATION

1. Company details

Name of entity:	RCG Corporation Limited
ABN:	85 108 096 251
Reporting period:	For the year ended 26 June 2016
Previous period:	For the year ended 28 June 2015

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	222.8%	to	438,574
Profit from ordinary activities after tax attributable to the owners of RCG Corporation Limited	up	189.9%	to	29,924
Profit for the year attributable to the owners of RCG Corporation Limited	up	189.9%	to	29,924

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 28 June 2015	2.500	2.500
Interim dividend for the year ended 26 June 2016	2.500	2.500

On 25 August 2016, the company declared an ordinary fully franked final dividend of 3.00 cents per share to be paid on 23 September 2016 to the shareholders registered on the record date of 9 September 2016.

Comments
The profit for the Group after providing for income tax and non-controlling interest amounted to $29,924,000 (28 June 2015: $10,323,000).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	11.99	(0.91)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

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6. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 28 June 2015	2.500	2.500
Interim dividend for the year ended 26 June 2016	2.500	2.500

On 25 August 2016, the company declared an ordinary fully franked final dividend of 3.00 cents per share to be paid on 23 September 2016 to the shareholders registered on the record date of 9 September 2016.

Previous period

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 29 June 2014	2.500	2.500
Interim dividend for the year ended 28 June 2015	2.000	2.000

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

International Financial Reporting Standards

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

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11. Attachments

Details of attachments (if any):

The Annual Report of RCG Corporation Limited for the year ended 26 June 2016 is attached.

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12. Signed

Signed ____________________________ Date: 25 August 2016

Michael Hirschowitz
Finance Director
Sydney

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RCG CORPORATION

ANNUAL REPORT 2016

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RCG Corporation Limited
Chairman and Chief Executive Officer's report
26 June 2016

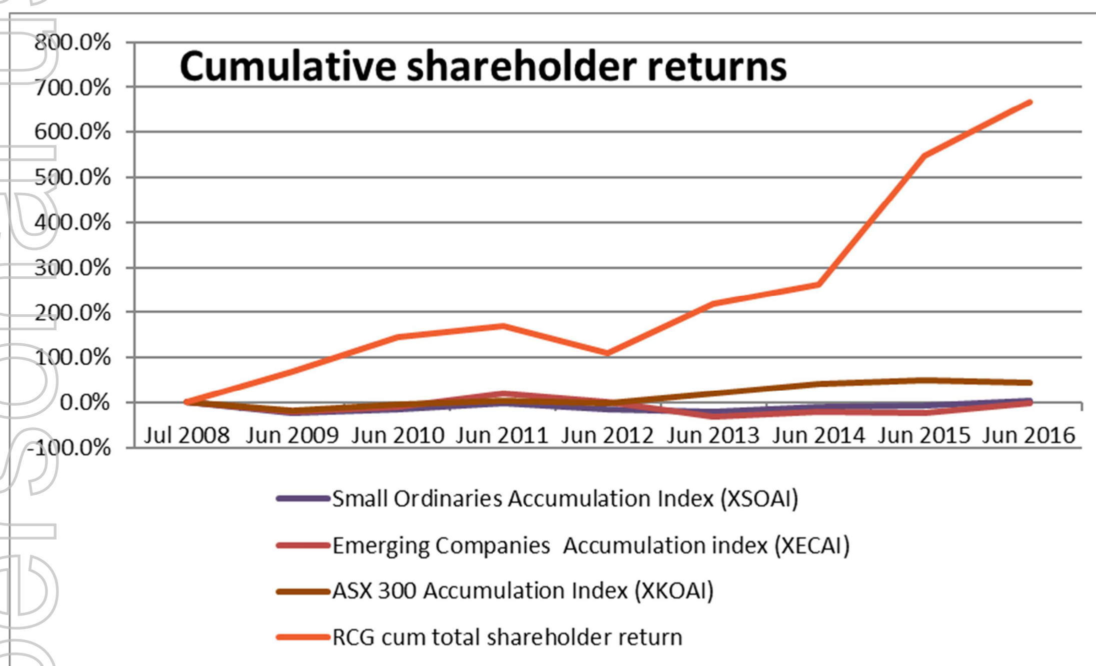
RCG CORPORATION

Dear fellow shareholder

We are delighted to report that RCG has had another excellent year, delivering underlying[1] consolidated EBITDA of $60.4m, an increase of 178% from $21.8m in the prior year. Underlying Net Profit After Tax increased 142% from $13.7m to 33.0m, and underlying earnings per share increased 49%% from 4.71 cents to 7.02 cents. By declaring a final fully franked dividend of 3.0 cents per share, RCG has increased its dividends per share in respect of FY2016 by 22% to 5.5 cents.

As you will recall, FY2016 was a transformative year for our business with the acquisition of the Accent Group with effect from 27 May 2015. The financial year just gone was the first full financial year of the merged RCG/Accent business and we are delighted with the results and the extent of the integration that has been achieved.

It is a great testament to the strength and quality of our people, our integrated management team and our businesses that we have been able to consistently deliver outstanding results over an extended period of years, and RCG continues to be defined by the exceptional returns it delivers on shareholders' funds. The chart below shows that over the last eight years RCG has delivered a total cumulative return to shareholders of 665%, which equates to a Compound Annual Growth Rate (CAGR) of 34%. By way of comparison, the Emerging Companies Accumulation Index has returned a cumulative return of negative 3%, or CAGR of 0%, the Small Ordinaries Accumulation Index has returned a cumulative return of 3% or CAGR of 0% and the ASX 300 Accumulation Index has returned a cumulative return of 46% or a CAGR of just 6% over the same time period.



A review of each of our businesses can be found below.

The Athlete's Foot

The Athlete's Foot (TAF) delivered EBITDA of $13.7, which was 3.8% up on the previous year. Total sales grew 3.6% to $223.7m, with like-for-like (LFL) sales growing 3.5%.

TAF's growth has been driven by the ongoing investment in retail management, business intelligence and CRM systems over the last three years. In addition, the focus on, and investment in, the running category, the customer experience, and in-store standards is beginning to deliver tangible outcomes.

The investment that we have made in our CRM systems, both technological and structural are paying substantial dividends. Our returning customers have increased 10% and sales to these customers have increased by 11%. Active customers have also increased by 10%. We are working on a number of new initiatives to continue to drive results from this area of the business.

[1] References to "underlying" results are references to non-IFRS financial information, which we believe is more meaningful for investors than reported (IFRS) financial information. A reconciliation between underlying and reported financial information is provided in our Investor Presentations which can be download from our website at rcgcorp.com.au.

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The running category, which is the largest category in the business has continued to perform strongly through our ongoing "Love The Run' initiative. This remains a holistic program covering marketing, digital, social, staff training, broadening our product offer and key in-store presentation.

As the market leader, TAF once again achieved excellent growth in the Back to School period. We are confident that despite our leadership position, there remains significant upside.

The business remains driven by, and focussed on, delivering the perfect fit and a unique in-store customer experience. During the back half of FY2016 we completed the strategic review of TAF's market position and consumer offering. This resulted in a decision to shift TAF's market positioning towards the growing athletic performance space. This will allow the TAF brand to connect to new important and influential customers which will drive additional growth into the future. Each key area of the business (product, marketing, media, people and store design) will be aligned to reflect this new positioning. Our first store in the new format opened in mid-June at Castle Hill. Whilst the period is still very short we are very pleased with the early sales performance of the store. Despite the store being 25% smaller than the previous location, the store is enjoying sales increases of 6% when compared with the prior year and we have received overwhelmingly positive consumer feedback through customer research. We feel very pleased with the progress to date and look forward to seeing results from the additional four stores in this format scheduled to open prior to Christmas.

RCG Brands

RCG Brands (RCGB) delivered EBITDA of $7.7m for the year, a decrease of 9.6% on the previous year. Whilst retail sales grew 20% to $31.5m, with LFL's increasing 7%, and wholesale sales grew by 2.6% to $38m, the growth in wholesale sales was not sufficient to offset the margin compression resulting from the lower exchange rate.

The weaker than expected wholesale sales were as a result of Merrell lifestyle continuing to perform below expectations. Merrell's heritage lies in sandals, outdoor and performance footwear. These categories continue to grow and perform strongly in all key channels and we continue to see strong product innovation coming through in these key categories. Merrell has also entered into a global principal sponsorship deal with Tough Mudder which includes three Australian events that will attract new and younger consumers to the brand.

RCGB's other major brands including CAT, Sperry and Saucony all performed strongly during FY2016 and we continue to be optimistic about ongoing growth of these brands through both new and existing channels.

We were pleased with the performance of RCGB's retail channel in FY16, with both Podium Sports and the Merrell retail business recording strong LFL sales growth. We have leveraged our expertise across the combined group to develop a new retail concept called Grounded which will open its first pilot store in Chadstone in mid-October. Grounded is targeting a sophisticated consumer seeking a more refined look in the branded sneaker space, an area of the market that is not currently being well serviced.

Accent Group

Accent performed outstandingly for the year. It delivered $42.8 million of EBITDA on the back of wholesale sales of $77.4 million, which were 12% up on the prior year, and retail sales of $245 million which were, up 54% on the prior year.

Like-for-like retail sales were up 20% on the prior year. This is on the back of double digit like for like growth in FY13 and FY 14 and 29% in FY15 (years ended April) – another outstanding result.

All of the Accent retail brands are ideally placed to capture the strong ongoing growth in the athleisure category globally. This is particularly true of Platypus and Skechers.

The Platypus offer continues to resonate with our core consumer. Our people, the culture in our stores, and the continued innovation and evolution of the in-store environment and product offer continue to be key growth drivers.

As a brand, Skechers continues to experience phenomenal growth both globally and domestically. It is now the second biggest athletic footwear brand in the US. The growth in athleisure and the breadth, depth and innovation that defines the Skechers product range are all key drivers of growth of the brand. The strength of the brand lies in its universal appeal across all age, gender and socio-economic groups. The high turnovers and vertical margins achieved by the Skechers retail business makes it an extremely profitable business unit with very healthy returns on capital.

Accent opened 33 stores during the year taking the total number of stores to 140 with a further 30 stores planned to be opened in the upcoming financial year.

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Hype DC

On 4 July 2016 we announced that RCG had entered into an agreement to acquire 100% of the shares in Hype DC, an Australian retailer of branded athleisure and style footwear with sixty stores across the country, for a purchase price based on six times Hype's normalised maintainable EBITDA for the financial year ending 30 June 2016. The transaction completed on 4 August 2016. The final purchase price, which is still subject to the provision of audited financials, is expected to be approximately $100m. The purchase price has been funded as follows:

- $52.5m[2] by way of a share placement to the Hype vendors which is subject to a two-year escrow
- $13.1m by way of an unsecured vendor note
- The balance by way of a combination of secured senior bank debt and cash

Hype operates 58 Hype DC and 3 Shubar retail stores across Australia, predominantly in metro and major regional locations. Group sales for the 2016 financial year were approximately $120m. Hype DC is a retailer of premium, exclusive and limited edition sneakers, curated from the world's leading brands. The mono-branded Shubar stores carry the full range of men's and women's Shubar shoes, boots and sandals as well as a tight range of other premium brands (including several of RCG group's brands). Shubar's mission is to uncover global trends and make them accessible to the fashion conscious individual.

Danny and Cindy Gilbert, who founded Hype, will continue to manage the business on a day-to-day basis in their capacity as Joint CEO of Hype and Danny Gilbert has joined the RCG Board as an executive director.

The acquisition of Hype consolidates RCG's position as a regional leader in the retail and distribution of performance and lifestyle footwear with over 380 stores and exclusive distribution rights to 11 iconic international brands.

Key personnel changes

In early August we announced that after 29 years with TAF, including the last 14 as CEO, Michael Cooper will be leaving the business at the end of December having ensured that TAF business is well positioned for future growth. He has led the key strategic process undertaken over the past 18 months and will leave the business with a clear vision for the future.

Michael has made an enormous contribution to the TAF brand and the RCG business over the last 29 years. He has been a key member of the executive leadership team and the RCG board thanks him for his passion and contribution and wishes him the very best for the future.

Given Michael's pending departure and the rapid growth in size of the RCG business over the last 18 months, the board, with our full backing and support, has appointed Accent Group's CEO, Daniel Agostinelli, to the role of Co-CEO of RCG. Since the acquisition of the Accent Group 18 months ago, Hilton and Daniel have formed an outstanding working relationship and partnership. The board is confident that Hilton and Daniel's strong complimentary skill sets, shared values and ethics will provide the group with the leadership and necessary skills to manage, integrate and continue to drive growth across the entire business.

Focus and priorities

The management team continues to be driven by the delivery of outstanding, sustainable returns to shareholders whilst maintaining strong cashflows and a conservatively geared balance sheet.

RCG's decision making is driven by these guiding principles and we are delighted to have delivered results that fulfil our promise to our shareholders. In addition to ensuring that the strategic initiatives and priorities of each business unit were delivered in FY2016, as a combined group we have unlocked a number of strategic benefits arising from the Accent acquisition, including: cross-branded distribution opportunities, streamlining of supply chain and logistics, cross-pollination of management expertise and the development of new a retail format.

Whilst the front end of the businesses continues to operate independently, we have made material progress in strengthening and enhancing certain shared services functions including supply chain, IT, financial management, eCommerce, and property & leasing.

[2] This is based on a share price of $1.425, which was the agreed issue price under the sale and purchase agreement. The actual share price on the date of completion was $1.71 which will have the effect of increasing the recorded purchase price to approximately $110m.

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RCG CORPORATION

RCG's key priorities for FY2017 are:

- Deliver our sales and profit targets in each of the RCG businesses and provide our teams with necessary leadership, support and resources to achieve this.
- Continue to leverage off the platform that has already been built on the back of the Accent transaction, in order to further deliver the strategic benefits as outlined earlier.
- Provide the support and resources to ensure a seamless integration of the newly acquired Hype DC business, replicating the successful integration of the Accent business 18 months ago, and unlock the strategic benefits arising from this acquisition.
- Ensure the delivery of the new TAF strategy to market and ensure the smooth transition of the CEO role from Michael Cooper to his successor, Ant Hudson.

Dividends

The strength of our businesses and the strong cash flows that they generate has allowed us to increase our final dividend per share to 3 cents taking our total dividends in respect of FY2016 to 5.5 cents per share, a 22% increase on the prior year. We expect our dividend payout ratio to be between 75% and 80% of underlying earnings per share in respect of FY2017 and for this ratio to increase with the continued growth of its businesses over time.

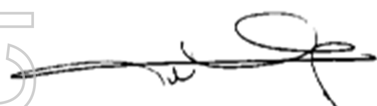
Outlook

With the acquisition of Hype DC, RCG consolidated its positon as a regional leader in the retail and distribution of performance and lifestyle footwear. We believe that no other business in Australia is better positioned to take advantage of the permanent market shift towards premium, branded lifestyle and performance footwear, and we are optimistic about the year ahead.

Based on a number of forecast assumptions, RCG is targeting annualised underlying group EBITDA of $90m[3] in FY2017

Conclusion

RCG has experienced an outstanding and transformational year. On behalf of the board, we would like thank the staff, management and franchisees of all of our business for the exceptional results they have delivered.



Ivan Hammerschlag
Chairman

Hilton Brett
Co-Chief Executive Officer

25 August 2016
Sydney

[3] Assumes 12 months of earnings from Hype. Although RCG acquired Hype with effect from 1 July 2016, under the accounting standards Hype's profits between the effective date and the Completion date (4 August 2016) are treated as a reduction in the purchase price and are not taken to earnings.

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity' or 'Group') consisting of RCG Corporation Limited (referred to hereafter as the 'Company' or 'RCG') and the entities it controlled at the end of, or during, the year ended 26 June 2016.

Directors

The following persons were directors of RCG Corporation Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name:	Ivan Hammerschlag
Title:	Non-Executive Chairman of RCG Corporation
Qualifications:	BCom, CTA
Experience and expertise:	Ivan has had over 35 years of specialist retail experience, including as Chief Executive Officer ('CEO') and shareholder in Freedom Furniture prior to its Initial Public Offering ('IPO'). He has also chaired, managed and invested in a number of other successful retail and other businesses. Ivan has been Chairman of RCG since October 2006.
Special responsibilities:	Member of Audit and Risk Committee and Remuneration and Nominations Committee

Name:	Hilton Brett
Title:	Co-Chief Executive Officer of RCG Corporation
Qualifications:	BCom, PGDA
Experience and expertise:	Hilton has extensive retailing and franchising experience and proven skills in maximising opportunities in acquiring, growing, re-engineering and selling businesses. Hilton joined RCG as an Executive Director in December 2006 and assumed day-to-day responsibility for re-engineering the business through rationalisation and acquisition. Hilton has been CEO since July 2012, and effective 2 August 2016 is Co-CEO with Daniel Agostinelli.
Special responsibilities:	None

Name:	Daniel Agostinelli
Title:	Co-Chief Executive Officer of RCG Corporation
Experience and expertise:	Daniel oversees the day to day operations of Accent Group. He has over 30 years of retail experience and was formerly the CEO of Sanity Music and part owner of the Ghetto Shoes sneaker business. Daniel has been with Accent Group since 2006 and CEO of Accent Group since March 2015. On 2 August 2016, Daniel was appointed Co-CEO of RCG Corporation with Hilton Brett.
Special responsibilities:	None

Name:	Michael Hirschowitz
Title:	Group Chief Financial Officer and Finance Director of RCG Corporation
Qualifications:	BCom, BAcc
Experience and expertise:	Michael has extensive experience in retail. He joined The Athlete's Foot in 1996 and worked in various capacities before becoming Commercial Director in 2002. On the formation of RCG he became Chief Financial Officer. Michael has been Finance Director since July 2006.
Special responsibilities:	None

Name:	Michael Cooper
Title:	Executive Director of RCG Corporation, Managing Director of The Athlete's Foot
Qualifications:	MBA
Experience and expertise:	Michael has been with The Athlete's Foot since 1988, fulfilling a number of operational roles including management of store operations and the merchandising function. Michael was appointed Managing Director of The Athlete's Foot in March 2002. In addition to this, he has overall responsibility for RCG's Podium Sports and Merrell retail businesses. Michael will resign as a director of RCG Corporation at the 2016 Annual General Meeting.
Special responsibilities:	None

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Name:	Michael Hapgood
Title:	Non-Executive Chairman of Accent Group and Non-Executive Director of RCG Corporation
Experience and expertise:	A founding director and shareholder of Accent, Michael is highly experienced and has extensive knowledge of working with global brands. Michael was appointed CEO of Accent in 1998 and has been intimately involved in the development of all major strategic initiatives of the business since its inception. Effective 2 August 2016, Michael relinquished all executive roles and continues as Non-Executive Chairman of Accent group and Non-Executive Director of RCG Corporation.
Special responsibilities:	None

Name:	Craig Thompson
Title:	Non-Executive Director
Qualifications:	BCA, LLB, Dip Acc, ACA
Experience and expertise:	Craig is a co-founder of Accent Group and was appointed Chairman upon its inception. Craig is a widely experienced company director and has been intimately involved in business in multiple sectors. Craig has held directorships in listed and private companies in media, insurance, finance, retirement villages, retailing and on-line trading sectors. Craig has been Non-Executive Director since March 2015.
Special responsibilities:	Member of Audit and Risk Committee and Remuneration and Nominations Committee

Name:	David Gordon
Title:	Non-Executive Director
Qualifications:	BCom, LLB
Experience and expertise:	David was a former Mergers and Acquisitions partner at Freehills and corporate advisory firm Wentworth Associates. He is also the founder of Lexicon Partners, an independent advisory and investment firm. He has over 30 years' experience advising companies, funds and high net worth individuals on complex corporate transactions. David is Chairman of Ten Network Holdings Limited. He has been a director of RCG since October 2006.
Special responsibilities:	Chairman of Audit and Risk Committee and member of Remuneration and Nominations Committee

Name:	Stephen Kulmar
Title:	Non-Executive Director
Experience and expertise:	Steve is the former CEO of IdeaWorks and is currently the CEO of Retail Oasis, a retail marketing consultancy business. Steve has over 40 years' experience in advertising and has extensive experience in retail strategy, brand strategy, channel to market strategy, business re-engineering and new retail business development. Steve sits on a number of boards as a Non-Executive Director, including Thorn Group Limited. He has been a director of RCG since August 2007.
Special responsibilities:	Chairman of Remuneration and Nominations Committee

Name:	Daniel Gilbert
Title:	Executive Director of RCG, Co-Chief Executive Officer of Hype DC (appointed on 4 August 2016)
Experience and expertise:	Daniel is the co-founder of Hype DC which he established together with his wife, Cindy, 18 years ago with the opening of their first store in the Sydney suburb of Mosman. They have since built a substantial business which has become Australia's premier destination for premium, exclusive and limited edition sneakers. Daniel was appointed to the RCG Board on 4 August 2016 on the completion of RCG's acquisition of Hype DC.
Special responsibilities:	None

Company secretary

Leanne Ralph was appointed as Company Secretary on 26 November 2015. Leanne brings a wealth of experience in Company Secretarial activities particularly with listed companies. She is currently the Company Secretary of seven listed companies as well as a number of unlisted companies. Leanne is a member of the Governance Institute.

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RCG CORPORATION

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 seven different retail chains and exclusive distribution rights for 11 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, InStride, Palladium and Stance.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2016 $'000	2015 $'000
Final dividend for the year ended 28 June 2015 (2015: 29 June 2014) of 2.50 cents (2015: 2.50 cents) per ordinary share	11,752	6,595
Interim dividend for the year ended 26 June 2016 (2015: 28 June 2015) of 2.50 cents (2015: 2.00 cents) per ordinary share	11,761	5,368
Dividends paid to non-controlling interests	103	56
	23,616	12,019

On 25 August 2016, the company declared an ordinary fully franked final dividend of 3.00 cents per share to be paid on 23 September 2016 to the shareholders registered on the record date of 9 September 2016.

Review of operations

The profit for the Group after providing for income tax and non-controlling interest amounted to $29,924,000 (28 June 2015: $10,323,000).

An overview of the operations of the Group is provided in the Chairman and Chief Executive Officer's Report on page 2 of this report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

On 4 July 2016, the Company announced that it has entered into a binding agreement to acquire 100% of the shares of Hype DC Pty Limited, an Australian retailer of branded athleisure and style footwear. The purchase price is based on six times normalised FY2016 EBITDA. The purchase price is expected to be approximately $110 million.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 26 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

All relevant future developments are outlined in the Chairman and Chief Executive Officer's Report on page 2.

Environmental regulation

The Group operates primarily within the retail and wholesale sectors and conducts its business activities with respect for the environment while continuing to meet the expectations of shareholders, customers, employees and suppliers.

During the year under review, the Directors are not aware of any particular or significant environmental issues which have been raised in relation to the Group's operations.

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 26 June 2016, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee		Remuneration and Nominations Committee	
	Attended	Held	Attended	Held	Attended	Held
Ivan Hammerschlag	6	6	2	2	4	4
Hilton Brett	6	6	-	-	-	-
Michael Hirschowitz	6	6	-	-	-	-
Michael Cooper	6	6	-	-	-	-
Michael Hapgood	6	6	-	-	-	-
Daniel Agostinelli	6	6	-	-	-	-
Craig Thompson	6	6	2	2	4	4
David Gordon	6	6	2	2	4	4
Stephen Kulmar	5	6	-	-	4	4

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

Remuneration policy

Remuneration policy is determined and executed on behalf of the Board by the Remuneration and Nominations Committee ('RNC'). The RNC consists of Stephen Kulmar (Chairman), David Gordon, Ivan Hammerschlag and Craig Thompson, all non-executive directors. The RNC makes recommendations to the Board on matters relating to remuneration for the entities within the consolidated Group. The RNC considers recruitment, retention and termination policies and procedures, non-executive directors' remuneration, executive directors and senior managements' remuneration and incentive policy and awards, and contractual arrangements with senior managers and executives. More detail on the Company's remuneration policy is provided in the Corporate Governance Statement.

The Group's remuneration reviews take place within three months of the end of each financial year. Prior to these reviews, the CEO makes recommendations to the RNC regarding the remuneration of each of his direct reports and the overall remuneration framework for all employees. The RNC meets to discuss the remuneration of the executive directors.

RCG's remuneration policy is designed to attract, motivate and retain employees, while ensuring that the interests of employees are in line with the interests of shareholders. The Board recognises that the success of the Group hinges on the performance and abilities of its employees. Therefore, as a matter of policy, employees of the Group are remunerated on the following basis:

Base remuneration
Base remuneration is set with reference to prevailing market rates for similar positions, adjusted to account for the experience, ability and productivity of the individual employee. Base remuneration provides fixed remuneration on a total cost-to-company basis, which includes any fringe benefits to the employee as well as superannuation at 9.50% of the base remuneration up to the statutory cap. Salary packaging options are available for some employees.

Short Term Incentives ('STI')
The Board believes that well designed STI plans are essential elements of remuneration as they provide tangible incentives for employees to strive for excellence. Relevant employees are eligible to earn STI's if certain pre-determined measurable financial targets are achieved. The STI's for all non-store employees are linked to base remuneration and the maximum amount that can be earned is a fixed percentage of that base remuneration. Executive Directors and other senior management personnel are eligible for bonuses, of between 20% to 40% of their base remuneration, based on the same pre-determined measurable financial targets.

Senior executives including the executive directors have a significant proportion of their STI tied directly to the achievement of pre-determined profit targets, either for the Group as a whole or the relevant business unit or both as the case may be. During the financial year 30 June 2016 the percentage of STI tied directly to these profit targets ranged between 60% and 80%. The remainder of the available STI is dependent on other measurable objectives and up to 20% at the discretion of the RNC. The RNC signs off all bonuses paid to executive directors and other senior executives. This STI drives a contribution to the short-term performance of the Company by being tied to the annual profit targets.

Long Term Incentives (LTI)
The Company has implemented an LTI under the Employee Option Plan ('EOP') and Employee Share Scheme ('ESS'). The purpose of these plans is to encourage employees to share in the ownership of the Company in order to promote the long-term success of the Company as a goal shared by the employees and to align employees' interest to that of shareholders.

The EOP, which was implemented during the 2007 financial year, operates under the rules approved by shareholders at the 19 December 2006 Extraordinary General Meeting. As at 26 June 2016, 1,745,000 outstanding options issued under the EOP. The ESS, which was implemented during the 2013 financial year, is a part of the Company's long-term retention and corporate alignment strategy. As at 26 June 2016, 10,999,999 shares issued under the ESS were outstanding.

Remuneration of non-executive directors
On an annual basis the RNC considers the fees payable to non-executive directors. When considering the level of fees, the Committee undertakes a survey of the market and accesses independent advice as well as drawing on the knowledge and experience of its members. The remuneration committee makes recommendations on non-executive director fees to the Board. Non-executive directors can choose, subject to certain restrictions, the amount of their fees allotted to superannuation.

The Board believes that the remuneration policies in place align the interests of all employees with those of the Company's shareholders while at the same time enabling the Group to retain a high quality team of executives.

Use of remuneration consultants
During the year, the Board engaged Guerdon Associates as its independent consultant to provide information on remuneration matters. The Chair of the RNC oversees the engagement of remuneration services for, and payment of, the independent consultant.

The Board was satisfied that advice received from Guerdon Associates was free from any undue influence by KMPs to whom the advice related, because strict protocols were observed and complied with regarding any interaction between Guerdon Associates and management. All remuneration advice was provided directly to the Chair of the RNC. No remuneration recommendations as defined under section 206L of Part 2D.8 of the Corporations Act 2001, were made by Guerdon Associates.

Voting and comments made at the Company's 2015 Annual General Meeting ('AGM') held on 25 November 2015
At the 2015 AGM, 95.85% of the votes received supported the adoption of the remuneration report for the year ended 28 June 2015. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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Details of remuneration

Amounts of remuneration

The key management personnel of the Group consisted of the following directors of RCG Corporation Limited:

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

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2016	Cash salary and fees $	Cash bonus $	Other monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
I Hammerschlag	180,000	-	-	-	-	-	180,000
C Thompson	100,728	-	-	-	-	-	100,728
D Gordon	58,827	-	-	5,589	-	-	64,416
S Kulmar	54,981	-	-	5,223	-	-	60,204
Executive Directors:							
H Brett	485,177	276,780	10,346	30,000	20,267	-	822,570
M Cooper	358,099	34,569	16,554	30,000	10,704	-	449,926
M Hirschowitz	380,872	45,915	16,554	30,000	19,599	-	492,940
M Hapgood	351,638	250,876	21,632	18,724	-	-	642,870
D Agostinelli	558,326	200,000	-	36,667	14,174	-	809,167
	2,528,648	808,140	65,086	156,203	64,744	-	3,622,821

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	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2015	Cash salary and fees $	Cash bonus $	Other monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
I Hammerschlag	180,000	-	-	-	-	-	180,000
D Gordon	65,000	-	-	6,175	-	-	71,175
S Kulmar	45,000	-	-	4,275	-	-	49,275
C Thompson *	7,068	-	-	-	-	-	7,068
Executive Directors:							
H Brett **	413,042	358,740	10,000	30,000	7,882	-	819,664
M Cooper	333,156	31,772	16,000	30,000	7,199	-	418,127
M Hirschowitz **	324,214	231,809	16,000	30,000	6,635	-	608,658
M Hapgood *	26,823	64,375	-	2,736	-	-	93,934
D Agostinelli *	44,650	103,000	-	2,083	990	-	150,723
	1,438,953	789,696	42,000	105,269	22,706	-	2,398,624

* Remuneration is for the period from date of appointment (27 May 2015) to 28 June 2015.

** Hilton Brett and Michael Hirschowitz were each awarded once-off, ex-gratia bonuses for successfully identifying, managing and completing the acquisition of Accent Group. These amounts are included as cash bonuses but are not part of their ongoing remuneration.

The proportion of the cash bonus paid/payable or forfeited is as follows:

	Cash bonus paid/payable		Cash bonus forfeited	
Name	2016	2015	2016	2015
Executive Directors:				
Hilton Brett	67%	83%	33%	17%
Michael Cooper	28%	42%	72%	58%
Michael Hirschowitz	36%	85%	64%	15%
Michael Hapgood	100%	-	-	-
Daniel Agostinelli	100%	-	-	-

Service agreements

Key Management Personnel are employed under standard employment arrangements that are not fixed term contracts.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 26 June 2016.

Options

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 26 June 2015.

Additional information

The following tables show the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share price capitalisation at the end of the respective financial years.

The earnings of the Group for the five years to 26 June 2016 are summarised below:

	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000
Revenue	43,135	55,530	81,190	135,872	438,574
Net profit from continuing operations	9,528	10,515	11,770	10,549	30,183
Net profit attributable to owners of the company	9,188	5,838	11,696	10,323	29,924
Dividends	7,311	8,642	10,942	11,963	23,513

	2012	2013	2014	2015	2016
Share price at financial year end ($)	0.37	0.57	0.63	1.21	1.48
Shares on issue ('000)	242,078	242,278	254,094	436,265	490,304

The tables above show that there has been a general trend of increasing net profit from continuing operations. The share price is subject to share market volatility and is beyond the control of the Company.

The Board is of the opinion that these results can be attributed in part to the previously described remuneration policy and is satisfied that it has contributed in increasing shareholder wealth over the past five years.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Ivan Hammerschlag	12,884,263	-	7,500	(6,445,882)	6,445,881
Hilton Brett	7,644,444	-	7,500	(3,825,972)	3,825,972
Michael Hirschowitz	9,219,541	-	7,500	(4,613,521)	4,613,520
Michael Cooper	10,486,209	-	7,500	(5,246,854)	5,246,855
David Gordon	12,591,534	-	7,500	(6,000,000)	6,599,034
Stephen Kulmar	1,600,000	-	7,500	(803,750)	803,750
Michael Hapgood	28,571,425	-	-	-	28,571,425
Daniel Agostinelli	14,285,712	-	-	-	14,285,712
Craig Thompson	71,428,562	-	-	-	71,428,562
	168,711,690	-	45,000	(26,935,979)	141,820,711

Transactions with related parties

The following transactions occurred with related parties:

Retail Oasis Pty Limited, a company associated with Stephen Kulmar, provided consultancy services to the Company's subsidiaries amounting to $12,882 (2015: $123,000). These services were provided on an arm's length basis.

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Loans to/from related parties

	Consolidated 2016 $	2015 $
Loan repayments paid/(received) from directors:		
- Hilton Brett	(1,051,692)	-
- Michael Hirschowitz	(137,350)	-
- Michael Cooper	(119,000)	-
- Michael Hapgood *	8,918,400	-
- Daniel Agostinelli (including 2 Como Pty Ltd) *	4,459,200	-
- Craig Thompson *	22,096,000	-
Total	34,165,558	-
Interest charged on loan to director, Hilton Brett	-	135,000

* Repayment of vendor loan note provided by the former shareholders of Accent Group in connection with the purchase of that business.

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2016 $	2015 $
Loans to/(from) key management personnel:		
- Ivan Hammerschlag	78,200	78,200
- Hilton Brett	-	1,051,692
- Michael Hirschowitz	-	137,350
- Michael Cooper	-	119,000
- Stephen Kulmar	6,000	6,000
- Craig Thompson	(200,000)	(22,296,000)
- Michael Hapgood	-	(8,918,400)
- Daniel Agostinelli (including 2 Como Pty Ltd)	-	(4,459,200)
Total loans receivable/(payable)	(115,800)	(34,281,358)

Under the EOP approved by the shareholders at the Extraordinary General Meeting held on 19 December 2006, the Company provided loans to option recipients in respect of the option fees payable for the right to acquire the options. Under the accounting standards, both the loans and the corresponding movement in equity are only recognised in the financial statements when the options are exercised. During the prior periods key management personnel exercised vested options and the interest free loans in respect of the relevant option fees have been recognised.

This concludes the remuneration report, which has been audited.

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RCG CORPORATION

Shares under option and issued under the Employee Share Scheme and other Treasury shares

Unissued ordinary shares of RCG Corporation Limited under option and issued under the ESS at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
24/08/2011	24/08/2016	$0.570	1,745,000
12/01/2015	28/08/2018	$0.400	700,000
23/08/2010	23/08/2015	$0.589	1,100,000
14/12/2010	18/12/2016	$0.660	600,000
28/02/2013	28/08/2018	$0.490	3,969,999
03/12/2013	03/06/2019	$0.690	200,000
02/10/2014	30/03/2020	$0.590	1,360,000
30/03/2015	30/09/2020	$0.730	70,000
27/05/2015	30/09/2020	$0.730	2,900,000
27/05/2015	30/09/2020	$1.010	500,000
28/08/2015	30/08/2020	$1.140	1,600,000
13/05/2016	28/02/2021	$1.490	400,000
			15,144,999

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were 3,705,000 ordinary shares of RCG Corporation Limited issued on the exercise of options during the year ended 26 June 2016 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

During the year no proceedings were brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 37 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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The directors are of the opinion that the services as disclosed in note 37 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Deloitte Touche Tohmatsu

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

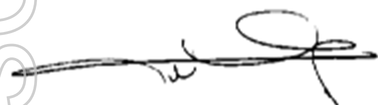
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



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Ivan Hammerschlag
Chairman

Hilton Brett
Co-Chief Executive Officer

25 August 2016
Sydney

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Deloitte.

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

25 August 2016

Dear Board Members

Re: 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 audit of the financial statements of RCG Corporation Limited for the financial year ended 26 June 2016, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

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	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Revenue	5	438,574	135,872
Other income	6	191	-
Expenses			
Finished goods used		(209,608)	(115,052)
Changes in merchandise inventories		7,210	58,224
Employee benefits expense		(82,021)	(24,655)
Depreciation and amortisation expense	7	(14,299)	(2,677)
Rental expense on operating leases		(40,428)	(11,284)
Advertising and promotion expenses		(13,954)	(7,626)
Travel and telecommunication expenses		(3,839)	(1,667)
Warehousing and freight expenses		(16,639)	(4,455)
Acquisition-related costs		(700)	(3,314)
Provision for doubtful debts		(331)	(24)
Other expenses		(17,521)	(6,656)
Finance costs	7	(3,753)	(569)
Profit before income tax expense		42,882	16,117
Income tax expense	8	(12,699)	(5,568)
Profit after income tax expense for the year		30,183	10,549
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of cash flow hedges taken to equity, net of tax		(6,937)	2,061
Foreign currency translation		345	2,806
Other comprehensive income for the year, net of tax		(6,592)	4,867
Total comprehensive income for the year		23,591	15,416
Profit for the year is attributable to:			
Non-controlling interest		259	226
Owners of RCG Corporation Limited	31	29,924	10,323
		30,183	10,549
Total comprehensive income for the year is attributable to:			
Non-controlling interest		259	226
Owners of RCG Corporation Limited		23,332	15,190
		23,591	15,416
		Cents	Cents
Basic earnings per share	46	6.45	3.72
Diluted earnings per share	46	6.42	3.62

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

RCG Corporation Limited
Statement of financial position
As at 26 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Assets			
Current assets			
Cash and cash equivalents	9	44,573	29,990
Trade and other receivables	10	25,472	23,701
Inventories	11	78,534	71,445
Derivative financial instruments	12	-	2,412
Other	13	2,730	1,231
Total current assets		151,309	128,779
Non-current assets			
Receivables	14	869	869
Property, plant and equipment	15	42,620	28,403
Intangibles	16	245,875	248,486
Deferred tax	17	10,652	5,699
Total non-current assets		300,016	283,457
Total assets		451,325	412,236
Liabilities			
Current liabilities			
Trade and other payables	18	58,986	63,252
Borrowings	19	10,013	7,956
Derivative financial instruments	20	6,608	-
Income tax	21	5,236	3,059
Provisions	22	3,203	2,775
Other	23	3,160	1,204
Total current liabilities		87,206	78,246
Non-current liabilities			
Borrowings	24	40,000	78,000
Derivative financial instruments	25	1,968	311
Deferred tax	26	7,314	8,259
Provisions	27	332	235
Other	28	8,218	2,810
Total non-current liabilities		57,832	89,615
Total liabilities		145,038	167,861
Net assets		306,287	244,375
Equity			
Issued capital	29	319,319	257,741
Reserves	30	1,390	7,780
Accumulated losses	31	(16,282)	(22,693)
Equity attributable to the owners of RCG Corporation Limited		304,427	242,828
Non-controlling interest	32	1,860	1,547
Total equity		306,287	244,375

The above statement of financial position should be read in conjunction with the accompanying notes

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RCG Corporation Limited
Statement of changes in equity
For the year ended 26 June 2016

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 29 June 2014	70,860	2,532	(21,053)	651	52,990
Profit after income tax expense for the year	-	-	10,323	226	10,549
Other comprehensive income for the year, net of tax	-	4,867	-	-	4,867
Total comprehensive income for the year	-	4,867	10,323	226	15,416
Transactions with owners in their capacity as owners:					
Share-based payments	-	381	-	-	381
Exercise of options	1,454	-	-	-	1,454
Issue of shares for acquisition	160,714	-	-	-	160,714
Share placement	25,000	-	-	-	25,000
Transaction costs for issue of shares, net of tax	(525)	-	-	-	(525)
Capitalised option fees	238	-	-	-	238
Non-controlling interest on acquisitions	-	-	-	726	726
Dividends paid (note 33)	-	-	(11,963)	(56)	(12,019)
Balance at 28 June 2015	257,741	7,780	(22,693)	1,547	244,375

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 29 June 2015	257,741	7,780	(22,693)	1,547	244,375
Profit after income tax expense for the year	-	-	29,924	259	30,183
Other comprehensive income for the year, net of tax	-	(6,592)	-	-	(6,592)
Total comprehensive income for the year	-	(6,592)	29,924	259	23,591
Transactions with owners in their capacity as owners:					
Share-based payments	-	202	-	-	202
Exercise of options	1,173	-	-	-	1,173
Share placement	60,056	-	-	157	60,213
Transaction costs for issue of shares, net of tax	(1,320)	-	-	-	(1,320)
Capitalised option fees	142	-	-	-	142
Treasury share payments	1,527	-	-	-	1,527
Dividends paid (note 33)	-	-	(23,513)	(103)	(23,616)
Balance at 26 June 2016	319,319	1,390	(16,282)	1,860	306,287

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The above statement of changes in equity should be read in conjunction with the accompanying notes

RCG CORPORATION

	Note	Consolidated 2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers and franchisees (inclusive of GST)		479,148	155,842
Payments to suppliers and employees (inclusive of GST)		(417,790)	(141,643)
		61,358	14,199
Interest received		1,185	985
Interest and other finance costs paid		(3,753)	(569)
Income taxes paid		(14,433)	(6,500)
Net cash from operating activities	44	44,357	8,115
Cash flows from investing activities			
Payment for purchase of businesses, net of cash acquired and minority interest	42	(15,979)	(50,490)
Payments for property, plant and equipment (net of landlord and supplier contributions)		(16,118)	(3,717)
Payments for intangibles		-	(342)
Loans to outside shareholders of TAF Partnership stores		-	(364)
Net cash used in investing activities		(32,097)	(54,913)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs		61,125	25,928
Proceeds from borrowings		2,056	51,049
Repayment of trade finance and bank bill facilities		-	(4,306)
Repayment of loans from option recipients		312	57
Repayment of Accent vendor notes		(28,000)	-
Repayment of borrowings		(10,000)	-
Dividends paid		(23,616)	(12,019)
Net cash from financing activities		1,877	60,709
Net increase in cash and cash equivalents		14,137	13,911
Cash and cash equivalents at the beginning of the financial year		29,990	16,079
Effects of exchange rate changes on cash and cash equivalents		446	-
Cash and cash equivalents at the end of the financial year	9	44,573	29,990

The above statement of cash flows should be read in conjunction with the accompanying notes

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RCG CORPORATION

Note 1. General information

The financial statements cover RCG Corporation Limited ('Company', 'parent entity' or 'RCG') as a Group consisting of RCG Corporation Limited and the entities it controlled at the end of, or during, the year ('Group'). The financial statements are presented in Australian dollars, which is RCG Corporation Limited's functional and presentation currency.

RCG Corporation Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

719 Elizabeth Street
Waterloo NSW 2017

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2016. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 41.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of RCG Corporation Limited as at 26 June 2016 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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RCG CORPORATION

Note 2. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised gains and losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is RCG Corporation Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
This comprises revenue earned from sale of goods to customers, net of actual returns, and is recognised when control of the goods passes to the customer. Lay-by sales are recognised after the final payment is received from the customer.

Franchise fees
Franchise fees are recognised as income in the period when all services are completed and the franchise store opens.

Marketing levies
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 the TAF stores. As all the contributions are designated for specific purposes they do not result in a profit or loss for the Group. Expenses in relation to the marketing of TAF stores are recorded within advertising and promotion expenses in profit or loss.

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Note 2. Significant accounting policies (continued)

Royalty fees
Royalty fees are recognised as income on an accruals basis in the same period the sales on which royalties are charged are recognised by franchisees.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Supplier rebate
Supplier rebates on the purchases made by franchisees are accounted for on an accrual basis and are recognised as income in the same period as the supplier invoices to which they relate.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

RCG Corporation Limited (the 'head entity') and its wholly-owned Australian subsidiaries (excluding Accent Group Limited) have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

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Note 2. Significant accounting policies (continued)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 to 60 days of statement date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Finished goods are stated at the lower of cost and net realisable value on an average costing basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange risk, including foreign exchange forward contracts and interest rate swaps. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges

Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

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Note 2. Significant accounting policies (continued)

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	5 to 8 years
Assets under construction	Not depreciated

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Depreciation commences once the asset is available for use as intended.

Plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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Note 2. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Brands and trademarks
Brands and trademarks are recognised at cost on acquisition. Brands and trademarks have infinite lives and are carried at cost less any accumulated impairment loss. Brands and trademarks are tested for impairment annually and wherever there is an indication that they may be impaired, any impairment is recognised immediately in profit or loss.

Licence fees
The TAF Licence Fee intangible arose on the acquisition of a 249 year royalty-free licence for the use of the TAF branding and trademarks. This intangible is being amortised on a straight line basis over the license term. This intangible is tested for impairment annually and wherever there is an indication that it may be impaired, any impairment is recognised immediately in profit or loss.

Distribution rights
Distribution rights arising on the acquisition of Accent Group Limited are being amortised on a straight line basis over the remaining term of the respective distribution agreements.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries and other employee benefits expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
Employee benefits not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either a Monte Carlo simulation or the Black-Scholes option pricing model, as appropriate, that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with any market-based performance conditions and non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market, or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 2. Significant accounting policies (continued)

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and are no longer at the discretion of the Company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

If the initial accounting for a business contribution is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for items for which the accounting is incomplete.

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Note 2. Significant accounting policies (continued)

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of RCG Corporation Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 26 June 2016. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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Note 3. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence. To the extent that these judgements and estimates prove incorrect, the Group may be exposed to potential additional inventory write-downs or reversals in future periods.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Operating segments

Identification of reportable operating segments
The Group is 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 a monthly basis.

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;

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Note 4. Operating segments (continued)

Accent Group	Wholesalers and retailers of Skechers, Vans, Dr. Martens, Timberland, Palladium and Stance branded footwear/apparel and accessories, and operators of Skechers, Vans, Timberland and Platypus retail stores; and
Corporate/Unallocated	RCG Corporate which provides company secretarial, legal, financial, human resources management, investor and public relations services.

Intersegment transactions

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

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.

Operating segment information

Consolidated - 2016	The Athlete's Foot $'000	RCG Brands $'000	Accent Group $'000	Unallocated (a) $'000	Intercompany eliminations $'000	Total $'000
Corporate and partnership stores (No.)	13	29	139	-	-	181
Online Stores (No.)	1	3	1	-	-	5
Franchise Stores (No.)	133	-	-	-	-	133
Total (No.)	147	32	140	-	-	319
Total Group Sales (including franchised stores)	223,696	69,485	322,588	-	-	615,769
Corporate Store Sales	22,339	31,515	245,126	-	-	298,980
Wholesale Sales	-	37,970	77,462	-	-	115,432
Sales to Customers	22,339	69,485	322,588	-	-	414,412
Less: Cost of goods sold	11,313	36,424	154,659	-	-	202,396
Gross Profit	11,026	33,061	167,929	-	-	212,016
Net Revenue from Franchising activity	16,980	-	-	-	-	16,980
Realised and unrealised FX gain	-	(4)	195	-	-	191
Other Income	647	209	760	-	-	1,616
Dividend received	-	-	-	7,000	(7,000)	-
Net Revenue	28,653	33,266	168,884	7,000	(7,000)	230,803
Less: Employee benefits expense	8,073	10,673	60,424	2,851	-	82,021
Less: Rental expense on operating leases	3,450	5,025	31,757	196	-	40,428
Less: Total Other Expenses	3,409	9,828	33,886	783	-	47,906
EBITDA from normal operations	13,721	7,740	42,817	3,170	(7,000)	60,448
Less: Acquisition costs of Hype DC	-	-	-	700	-	700
EBITDA from continuing operations	13,721	7,740	42,817	2,470	(7,000)	59,748
Less: Depreciation and amortisation	1,073	766	9,099	3,360	-	14,298
EBIT from continuing operations	12,648	6,974	33,718	(890)	(7,000)	45,450
Interest received/(paid)	106	-	(386)	(2,288)	-	(2,568)
Segment profit before tax from continuing operations	12,754	6,974	33,332	(3,178)	(7,000)	42,882
Segment Assets	32,104	39,133	147,985	256,603	(31,153)	451,325
Segment Liabilities	17,719	29,992	75,467	42,429	(31,153)	145,038

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

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Note 4. Operating segments (continued)

Consolidated - 2015	The Athlete's Foot $'000	RCG Brands $'000	Accent Group $'000	Unallocated (a) $'000	Intercompany eliminations $'000	Total $'000
Corporate and partnership stores (No.)	13	27	108	-	-	148
Online Stores (No.)	1	1	1	-	-	3
Franchise Stores (No.)	133	-	-	-	-	133
Total (No.)	147	28	109	-	-	284
Total Group Sales (including franchised stores)	215,980	63,246	22,008	-	-	301,234
Corporate Store Sales	20,585	26,228	22,008	-	-	68,821
New Zealand	-	-	-	-	-	-
Wholesale Sales	-	37,018	7,526	-	-	44,544
Sales to Customers	20,585	63,246	29,534	-	-	113,365
Less: Cost of goods sold	10,596	31,193	14,738	-	-	56,527
Gross Profit	9,989	32,053	14,796	-	-	56,838
Net Revenue from Franchising activity	16,462	-	-	-	-	16,462
Realised and unrealised FX gain	-	-	-	-	-	-
Other Income	747	138	5	-	-	890
Dividend received	-	-	-	18,000	(18,000)	-
Net Revenue	27,198	32,191	14,801	18,000	(18,000)	74,190
Less: Employee benefits expense	7,320	9,913	5,249	2,173	-	24,655
Less: Rental expense on operating leases	3,189	4,667	3,249	179	-	11,284
Less: Total Other Expenses	3,471	9,048	3,049	724	185	16,477
EBITDA from normal operations	13,218	8,563	3,254	14,924	(18,185)	21,774
Less: Acquisition costs of Accent Group	-	-	-	3,314	-	3,314
EBITDA from continuing operations	13,218	8,563	3,254	11,610	(18,185)	18,460
Less: Depreciation and amortisation	1,032	496	791	358	-	2,677
EBIT from continuing operations	12,186	8,067	2,463	11,252	(18,185)	15,783
Interest received/(paid)	13	-	(34)	355	-	334
Segment profit before tax from continuing operations	12,199	8,067	2,429	11,607	(18,185)	16,117
Segment Assets	28,229	35,142	98,246	288,730	(38,111)	412,236
Segment Liabilities	15,613	33,466	45,578	111,315	(38,111)	167,861

a) *Unallocated Segment refers to RCG Corporate which provides company secretarial, legal, financial, human resources management, investor and public relation services.*

Segment revenue reconciliation

	Consolidated 2016 $'000	Consolidated 2015 $'000
Segment Net Revenue disclosed above reconciles to note 5 'Revenue' as follows:		
Revenue per note 5	438,574	135,872
Cost of goods sold	(202,398)	(56,527)
Interest received	(1,185)	(902)
Marketing levies	(4,377)	(4,253)
Realised foreign currency gain	189	-
Net revenue per segment disclosed above	230,803	74,190

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Note 5. Revenue

	Consolidated	
	2016 $'000	2015 $'000
Sales revenue		
Sales to customers	414,414	113,367
Royalties and other franchise related income	16,980	16,460
	431,394	129,827
Other revenue		
Marketing levies received from TAF stores	4,377	4,253
Interest	1,185	902
Other revenue	1,618	890
	7,180	6,045
Revenue	438,574	135,872

Note 6. Other income

	Consolidated	
	2016 $'000	2015 $'000
Net foreign exchange gain	191	-

Note 7. Expenses

	Consolidated	
	2016 $'000	2015 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	10,968	2,335
Amortisation		
Licence fee	31	29
Distribution rights	3,300	276
Other intangible assets	-	37
Total amortisation	3,331	342
Total depreciation and amortisation	14,299	2,677
Finance costs		
Interest and finance charges paid/payable	3,753	534
Interest on deferred consideration	-	35
Finance costs expensed	3,753	569
Net foreign exchange loss		
Net foreign exchange loss	-	95
Superannuation expense		
Defined contribution superannuation expense	5,920	1,870
Share-based payments expense		
Share-based payments expense	202	381

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Note 8. Income tax expense

	Consolidated 2016 $'000	Consolidated 2015 $'000
Income tax expense		
Current tax	16,025	7,768
Deferred tax - origination and reversal of temporary differences	(3,529)	(1,973)
Adjustment recognised for prior periods	203	(227)
Aggregate income tax expense	12,699	5,568
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 17)	(2,457)	(1,973)
Decrease in deferred tax liabilities (note 26)	(1,072)	-
Deferred tax - origination and reversal of temporary differences	(3,529)	(1,973)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	42,882	16,117
Tax at the statutory tax rate of 30%	12,865	4,835
Tax effect amounts which are not deductible/(deductible) in calculating taxable income:		
Entertainment expenses	21	9
Share-based payments	61	114
Acquisition expenses	118	530
Foreign currency losses	(303)	-
Sundry items	13	40
	12,775	5,528
Adjustment recognised for prior periods	203	(227)
Difference in overseas tax rates	(279)	(53)
Reversal of prior year unrealised loss	-	320
Income tax expense	12,699	5,568

	Consolidated 2016 $'000	Consolidated 2015 $'000
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Capital losses	7,198	7,198
Total deferred tax assets not recognised	7,198	7,198

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

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Note 9. Current assets - cash and cash equivalents

	Consolidated 2016 $'000	2015 $'000
Cash on hand	122	98
Cash at bank	44,451	29,892
	44,573	29,990

Note 10. Current assets - trade and other receivables

	Consolidated 2016 $'000	2015 $'000
Trade receivables	22,331	20,525
Less: Provision for impairment of receivables	(1,125)	(843)
	21,206	19,682
Other receivables	4,266	4,019
	25,472	23,701

Refer to note 34 for further information on financial instruments.

Note 11. Current assets - inventories

	Consolidated 2016 $'000	2015 $'000
Finished goods at cost, less provision for obsolescence	78,534	71,445

Note 12. Current assets - derivative financial instruments

	Consolidated 2016 $'000	2015 $'000
Forward foreign exchange contracts - cash flow hedges	-	2,412

Refer to note 35 for further information on fair value measurement.

Note 13. Current assets - other

	Consolidated 2016 $'000	2015 $'000
Prepayments	1,579	175
Security deposits	53	56
Other current assets	1,098	1,000
	2,730	1,231

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Note 14. Non-current assets - receivables

	Consolidated 2016 $'000	2015 $'000
Loans to outside shareholders in TAF Partnership stores	869	869

The loans to outside shareholders in TAF Partnership stores are secured over the minority shareholders' share in the underlying TAF Partnership store entities.

Note 15. Non-current assets - property, plant and equipment

	Consolidated 2016 $'000	2015 $'000
Plant and equipment - at cost	75,253	53,493
Less: Accumulated depreciation	(33,376)	(25,426)
	41,877	28,067
Assets under construction - at cost	743	336
	42,620	28,403

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and equipment $'000	Assets under construction $'000	Total $'000
Balance at 29 June 2014	5,567	1,127	6,694
Additions	3,717	-	3,717
Additions through business combinations (note 42)	20,381	-	20,381
Exchange differences	(54)	-	(54)
Transfers in/(out)	791	(791)	-
Depreciation expense	(2,335)	-	(2,335)
Balance at 28 June 2015	28,067	336	28,403
Additions *	24,580	407	24,987
Disposals	(37)	-	(37)
Exchange differences	234	-	234
Depreciation expense	(10,967)	-	(10,967)
Balance at 26 June 2016	41,877	743	42,620

* Contributions to store fit-out costs received from landlords and suppliers which are netted off against these amounts for cashflow purposes amounted to $9,157,000.

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Note 16. Non-current assets - intangibles

	Consolidated 2016 $'000	Consolidated 2015 $'000
Goodwill - at cost	210,455	212,135
Brands and trademarks - at cost	14,566	13,866
Licence fees - The Athlete's Foot - at cost	7,832	7,832
Less: Accumulated amortisation	(202)	(171)
	7,630	7,661
Distribution rights - at cost	16,800	15,100
Less: Accumulated amortisation	(3,576)	(276)
	13,224	14,824
Other intangible assets - The Athlete's Foot - at cost	175	175
Less: Accumulated amortisation	(175)	(175)
	-	-
Other intangible assets - RCG Brands - at cost	-	200
Less: Accumulated amortisation	-	(200)
	-	-
	245,875	248,486

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Brands and trademarks $'000	Licence fees $'000	Distribution rights $'000	Other intangible assets $'000	Total $'000
Balance at 29 June 2014	11,703	3,466	7,690	-	37	22,896
Additions	342	-	-	-	-	342
Additions through business combinations (note 42)	200,090	10,400	-	15,100	-	225,590
Amortisation expense	-	-	(29)	(276)	(37)	(342)
Balance at 28 June 2015	212,135	13,866	7,661	14,824	-	248,486
Finalisation of business combination price allocation	(1,680)	700	-	1,700	-	720
Amortisation expense	-	-	(31)	(3,300)	-	(3,331)
Balance at 26 June 2016	210,455	14,566	7,630	13,224	-	245,875

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Note 16. Non-current assets - intangibles (continued)

Allocation of goodwill and indefinite life intangible assets to cash-generating units/groups of cash-generating units ('CGU's')
Goodwill and indefinite life intangible assets have been allocated for impairment testing purposes to the following CGU's/groups of CGU's:

	Consolidated 2016 $'000	Consolidated 2015 $'000
Carrying amount of goodwill *		
The Athlete's Foot (a)	18,019	9,019
Accent Group (b)	182,681	198,761
RCG Brands (c)	9,755	4,355
Goodwill	210,455	212,135

	Consolidated 2016 $'000	Consolidated 2015 $'000
Carrying amount of indefinite life intangibles **		
The Athlete's Foot	3,466	3,466
Accent Group	11,100	10,400
Intangible assets	14,566	13,866

(a) Group of CGU's consisting of the franchising and retail activities of The Athlete's Foot operating segment.
(b) Group of CGU's consisting of the wholesale and retail activities of the Accent Group operating segment.
(c) Group of CGU's consisting of the wholesale and retail activities of the RCG Brands operating segment.

* The Accent group purchase price allocation was completed during the FY16 year with a portion of the goodwill being allocated to the The Athlete's Foot ($9.0 million) and RCG Brands ($5.4 million) CGU's, based on expected synergistic benefits that are expected will be derived by these CGU's as a result of the Accent Group acquisition.

** The Group considers that its investment in The Athlete's Foot brands and trademarks, and the Platypus brand have indefinite useful lives because it foresees no impediment to its ability to continue to own and operate the businesses for the foreseeable future.

Impairment testing
The primary groups of CGU's for RCG Corporation Limited to which goodwill and indefinite life intangible assets has been allocated are The Athlete's Foot, RCG Brands and Accent Group.

The accounting standards state that an impairment test must be performed annually for goodwill and other indefinite life intangible assets. Further, companies must also assess at each reporting date whether there is any indication that the asset may be impaired and, if so, perform an impairment test.

The impairment tests at 26 June 2016 were carried out based on value in use calculations. The recoverable amounts of the above groups of CGU's were determined based on estimated cash flows based on management approved budgets for FY2017, growth rates applied to cash flows ranging between 4% to 5% in years FY2018 through FY2021, and thereafter cash flows projected using long term average growth rates of 3%. Cash flows were discounted to present value using a mid-point pre-tax discount rate of 15.7% (2015: 15.7%). The impairment tests did not indicate any impairments of goodwill or indefinite life intangible assets.

The long-term average growth rates have been determined based on past experience and expectations of general market conditions. The pre-tax discount rates reflect management's estimate of the time value of money, as well as the risks specific to the groups of CGUs.

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Note 16. Non-current assets - intangibles (continued)

The directors believe that any reasonable possible change in the key assumptions on which recoverable amount is based is not expected to cause the aggregate of the carrying amounts to exceed the aggregated amounts of the CGU's. A decrease in EBITDA in any of the CGU's of 10% would not result in an impairment. A decrease in EBITDA in any of the CGU's of 10% would not result in an impairment.

All other intangible assets have been assessed for indicators of impairment, and no indicators of impairment have been identified.

Note 17. Non-current assets - deferred tax

	Consolidated	
	2016 $'000	2015 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Finance leases	438	-
Provision for doubtful debts	330	252
Provision for shrinkage and stock obsolescence	1,901	1,408
Provision for employee entitlements	1,342	1,256
Other provisions and accrued expenses	1,469	727
(Unrealised)/realised foreign currency exchange	(10)	235
Difference in accounting and tax depreciation	1,312	735
Borrowing costs	249	204
Acquisition costs	-	189
Landlord and supplier contribution	900	468
	7,931	5,474
Amounts recognised in equity:		
Derivative financial instruments	2,539	-
Share issue costs	182	225
	2,721	225
Deferred tax asset	10,652	5,699
Movements:		
Opening balance	5,699	1,429
Credited to profit or loss	2,457	1,973
Credited to equity	2,496	225
Additions through business combinations (note 42)	-	2,072
Closing balance	10,652	5,699

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Note 18. Current liabilities - trade and other payables

	Consolidated	
	2016 $'000	2015 $'000
Trade payables	38,886	30,751
Goods and services tax payable	2,402	1,678
Owing to vendors of Accent Group Limited	-	15,979
Accrued expenses	11,454	10,597
Other payables	6,244	4,247
	58,986	63,252

Refer to note 34 for further information on financial instruments.

Note 19. Current liabilities - borrowings

	Consolidated	
	2016 $'000	2015 $'000
Working capital facility	5,013	7,956
Capex facility	5,000	-
	10,013	7,956

Refer to note 24 for further information on assets pledged as security and financing arrangements.

Refer to note 34 for further information on financial instruments.

Note 20. Current liabilities - derivative financial instruments

	Consolidated	
	2016 $'000	2015 $'000
Forward foreign exchange contracts - cash flow hedges	6,608	-

Refer to note 34 for further information on financial instruments.

Refer to note 35 for further information on fair value measurement.

Note 21. Current liabilities - income tax

	Consolidated	
	2016 $'000	2015 $'000
Provision for income tax	5,236	3,059

Note 22. Current liabilities - provisions

	Consolidated	
	2016 $'000	2015 $'000
Employee benefits	3,203	2,775

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Note 23. Current liabilities - other

	Consolidated	
	2016 $'000	2015 $'000
Deferred revenue	3,160	1,204

Note 24. Non-current liabilities - borrowings

	Consolidated	
	2016 $'000	2015 $'000
Bank loans	40,000	50,000
Vendor loan notes *	-	28,000
	40,000	78,000

Refer to note 34 for further information on financial instruments.

** Vendor loan notes*
As part of the purchase consideration for Accent Group Limited, RCG issued vendor loan notes to each of the vendors. The vendor loan notes were issued to each of Craig Thompson, Michael Hapgood, James Duell, 2 Como Pty Limited and Daniel Agostinelli in proportion to their shareholding in Accent Group. The vendor loan notes were unsecured and subordinated to the senior bank debt pursuant to a subordinated deed. These loans were repaid early at the Company's election in March 2016.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2016 $'000	2015 $'000
Bank loans	40,000	50,000
Working capital facility	5,013	7,956
Capex facility	5,000	-
	50,013	57,956

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Note 24. Non-current liabilities - borrowings (continued)

Assets pledged as security
The senior bank debt made available by National Australia Bank and Bank of New Zealand, is secured by cross-guarantees and all assets from RCG Corporation Limited and each of its wholly-owned subsidiaries, excluding TAF Partnership Stores Pty Limited (refer to note 41 for a list of wholly-owned subsidiaries). Total secured assets amounted to $432 million at 26 June 2016.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2016 $'000	2015 $'000
Total facilities		
Bank overdraft	1,900	-
Bank loans	50,000	50,000
Working capital facility	20,000	16,900
Capex facility	10,000	-
Bank guarantee and letters of credit	23,100	23,100
	105,000	90,000
Used at the reporting date		
Bank overdraft	-	-
Bank loans	40,000	50,000
Working capital facility	5,013	7,956
Capex facility	5,000	-
Bank guarantee and letters of credit	20,078	20,508
	70,091	78,464
Unused at the reporting date		
Bank overdraft	1,900	-
Bank loans	10,000	-
Working capital facility	14,987	8,944
Capex facility	5,000	-
Bank guarantee and letters of credit	3,022	2,592
	34,909	11,536

Note 25. Non-current liabilities - derivative financial instruments

	Consolidated	
	2016 $'000	2015 $'000
Forward foreign exchange contracts - cash flow hedges	593	-
Interest rate swap contracts - cash flow hedges	1,375	311
	1,968	311

Refer to note 34 for further information on financial instruments.

Refer to note 35 for further information on fair value measurement.

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Note 26. Non-current liabilities - deferred tax

	Consolidated 2016 $'000	Consolidated 2015 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Trademarks and distribution rights	7,298	7,650
Amounts recognised in equity:		
Hedging reserve	16	609
Deferred tax liability	7,314	8,259
Movements:		
Opening balance	8,259	-
Credited to profit or loss	(1,072)	-
Charged/(credited) to equity	(593)	609
Additions through business combinations (note 42)	720	7,650
Closing balance	7,314	8,259

Note 27. Non-current liabilities - provisions

	Consolidated 2016 $'000	Consolidated 2015 $'000
Employee benefits	332	235

Note 28. Non-current liabilities - other

	Consolidated 2016 $'000	Consolidated 2015 $'000
Deferred revenue	8,218	2,810

Note 29. Equity - issued capital

	2016 Shares	2015 Shares	Consolidated 2016 $'000	Consolidated 2015 $'000
Ordinary shares - fully paid	503,704,119	450,600,035	328,897	265,783
Less: Treasury shares	(13,399,999)	(14,335,000)	(9,578)	(8,042)
	490,304,120	436,265,035	319,319	257,741

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Note 29. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	30 June 2014	254,093,625		70,860
Issue of shares under ESS	2 October 2014	1,360,000	$0.590	802
Treasury shares	2 October 2014	(1,360,000)	$0.590	(802)
Cancellation of shares under ESS	2 October 2014	(830,000)	$0.490	(407)
Cancellation of shares under ESS	2 October 2014	(250,000)	$0.690	(173)
Cancellation of shares under ESS	12 October 2014	(280,000)	$0.490	(137)
Treasury shares	12 October 2014	1,360,000	$0.527	717
Exercise of options	12 January 2015	3,500,000	$0.400	1,400
Exercise of options	12 January 2015	50,000	$0.530	27
Exercise of options	20 January 2015	50,000	$0.530	27
Share placement	30 March 2015	35,714,286	$0.700	25,000
Transaction costs for issue of shares, net of tax	30 March 2015			(525)
Issue of shares under ESS	30 March 2015	220,000	$0.720	160
Treasury shares	30 March 2015	(220,000)	$0.720	(160)
Issue of shares for acquisition of Accent Group business	27 May 2015	142,857,124	$1.125	160,714
Issue of shares under ESS	27 May 2015	2,900,000	$0.730	2,117
Issue of shares under ESS	27 May 2015	500,000	$1.010	505
Treasury shares	27 May 2015	(3,400,000)	$0.730	(2,622)
Capitalised option fees				238
Issue of shares under loan	1 June 2015	1,000,000	$0.400	400
Treasury shares	1 June 2015	(1,000,000)	$0.400	(400)
Balance	28 June 2015	436,265,035		257,741
Issue of shares under Share Purchase Plan	3 July 2015	14,365,750	$0.700	10,056
Exercise of options	27 August 2015	750,000	$0.520	390
Exercise of options	27 August 2015	200,000	$0.530	106
Exercise of options	27 August 2015	900,000	$0.660	594
Issue of shares under loan	27 August 2015	1,700,000	$0.569	968
Treasury shares	27 August 2015	(1,700,000)	$0.569	(968)
Issue of shares under ESS	1 September 2015	1,700,000	$1.140	1,938
Treasury shares	1 September 2015	(1,700,000)	$1.140	(1,938)
Treasury shares - loans repaid	24 September 2015	3,000,000	$0.300	900
Exercise of options	26 February 2016	155,000	$0.530	82
Treasury shares - loans repaid	26 February 2016	1,335,001	$0.400	628
Placement shares	4 March 2016	33,333,334	$1.500	50,000
Transaction costs for issue of shares, net of tax	4 March 2016			(1,320)
Cancellation of shares under ESS	13 May 2016	(400,000)	$0.743	(297)
Treasury shares	13 May 2016	400,000	$0.743	297
Issue of shares under ESS	13 May 2016	400,000	$1.490	596
Treasury shares	13 May 2016	(400,000)	$1.490	(596)
Capitalised option fees				142
Balance	26 June 2016	490,304,120		319,319

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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Note 29. Equity - issued capital (continued)

Treasury shares

During the year, 1,700,000 (2015: 4,980,000) shares were issued to employees under the ESS. Details of the scheme are set out in note 45.

The shares issued have been deducted from equity as the scheme is treated as an in-substance option and accounted for as a share-based payment.

Share buy-back

There is no current on-market share buy-back.

Note 30. Equity - reserves

	Consolidated	
	2016 $'000	2015 $'000
Foreign currency translation reserve	3,135	2,790
Hedging reserve - cash flow hedges	(5,466)	1,471
Share-based payments reserve	3,721	3,519
	1,390	7,780

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Hedging reserve - cash flow hedges

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

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Note 30. Equity - reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency translation reserve $'000	Hedging reserve- cash flow hedge $'000	Share-based payments reserve $'000	Total $'000
Balance at 29 June 2014	(16)	(590)	3,138	2,532
Foreign currency translation	2,806	-	-	2,806
Gain recognised on cash flow hedges - foreign currency contracts	-	3,256	-	3,256
Loss recognised on cash flow hedges - interest rate swaps	-	(311)	-	(311)
Share-based payment	-	-	381	381
Income tax related to gains/(losses) recognised in other comprehensive income	-	(884)	-	(884)
Balance at 28 June 2015	2,790	1,471	3,519	7,780
Foreign currency translation	345	-	-	345
Loss recognised on cash flow hedges - interest rate swaps	-	(9,910)	-	(9,910)
Share-based payment	-	-	202	202
Income tax related to gains/(losses) recognised in other comprehensive income	-	2,973	-	2,973
Balance at 26 June 2016	3,135	(5,466)	3,721	1,390

Note 31. Equity - accumulated losses

	Consolidated 2016 $'000	Consolidated 2015 $'000
Accumulated losses at the beginning of the financial year	(22,693)	(21,053)
Profit after income tax expense for the year	29,924	10,323
Dividends paid (note 33)	(23,513)	(11,963)
Accumulated losses at the end of the financial year	(16,282)	(22,693)

Note 32. Equity - non-controlling interest

	Consolidated 2016 $'000	Consolidated 2015 $'000
Issued capital	1,460	1,303
Retained profits	400	244
	1,860	1,547

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Note 33. Equity - dividends

Dividends

Dividends paid during the financial year were as follows:

	Consolidated 2016 $'000	2015 $'000
Final dividend for the year ended 28 June 2015 (2015: 29 June 2014) of 2.50 cents (2015: 2.50 cents) per ordinary share	11,752	6,595
Interim dividend for the year ended 26 June 2016 (2015: 28 June 2015) of 2.50 cents (2015: 2.00 cents) per ordinary share	11,761	5,368
Dividends paid to non-controlling interests	103	56
	23,616	12,019

On 25 August 2016, the company declared an ordinary fully franked final dividend of 3.00 cents per share to be paid on 23 September 2016 to the shareholders registered on the record date of 9 September 2016.

Franking credits

	Consolidated 2016 $'000	2015 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	11,358	15,842

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 34. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge foreign currency exposures and interest rate swaps to hedge interest rate exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a periodic basis.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies that are different to the functional currency of the respective entities undertaking the transactions, hence exposure to exchange rate fluctuations arise. The Group manages these risks through forward currency contracts (refer below). The main exposure relates to inventory purchases which are usually denominated in US Dollars.

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Note 34. Financial instruments (continued)

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date that are denominated in a currency that is different to the functional currency of the respective entities holding the monetary assets and liabilities are as follows:

	Assets		Liabilities	
Consolidated	2016 $'000	2015 $'000	2016 $'000	2015 $'000
US dollars	-	-	21,845	13,317
New Zealand dollars	427	480	-	-
	427	480	21,845	13,317

Foreign currency sensitivity analysis (assessed by management based on 10% movement)

	Profit or loss		Equity	
Consolidated - 2016	2016 $'000	2015 $'000	2016 $'000	2015 $'000
US dollars	-	-	2,185	1,332
New Zealand dollars	43	48	-	-
	43	48	2,185	1,332

The US dollar sensitivity impacts Equity only as a result of the fact that all US Dollar foreign currency liabilities are fully hedged as at 26 June 2016 and 28 June 2015 respectively (refer below).

In management's opinion, the above sensitivity analysis is not fully representative of the inherent foreign exchange risk as the year end exposure does not necessarily reflect the exposure during the course of the year.

In addition, the Group includes certain subsidiaries whose functional currencies are different to the Group's presentation currency of Australian Dollars. As stated in the Group's Accounting Policies Note 2, on consolidation the assets and liabilities of these entities are translated into Australian dollars at exchange rates prevailing on the balance date. The income and expenses of these entities are translated at the average exchange rates for the year. Exchange differences arising are classified as equity and are transferred to a foreign exchange translation reserve. The main operating entities outside of Australia are based in New Zealand. The Group's future reported profits could therefore be impacted by changes in rates of exchange between the Australian Dollar and the New Zealand Dollar.

As noted above the Group manages its foreign currency risk through forward currency contracts.

The maturity, settlement amounts and the average contractual exchange rates of the Group's outstanding forward foreign exchange contracts at the reporting date were as follows:

	Sell Australian dollars		Average exchange rates	
	2016 $'000	2015 $'000	2016	2015
Buy US dollars				
Maturity:				
0 - 3 months	16,433	23,376	0.7078	0.8000
3 - 6 months	33,856	28,433	0.7173	0.7700
6 - 12 months	64,176	43,653	0.7012	0.7800
Over 12 months	59,185	-	0.7248	-

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Note 34. Financial instruments (continued)

	Sell NZ dollars 2016 $'000	Sell NZ dollars 2015 $'000	Average exchange rates 2016	Average exchange rates 2015
Buy US dollars				
Maturity:				
0 - 3 months	8,396	1,336	0.6277	0.7500
3 - 6 months	6,859	671	0.6560	0.7500
6 - 12 months	6,758	-	0.6659	-

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group maintains approximately 80% of long-term borrowings at fixed rates using interest rate swaps to achieve this when necessary.

As at the reporting date, the Group had the following cash and cash equivalents, variable rate borrowings and interest rate swap contracts outstanding:

Consolidated	2016 Weighted average interest rate %	2016 Balance $'000	2015 Weighted average interest rate %	2015 Balance $'000
Cash and cash equivalents	1.73%	44,573	2.68%	29,990
Bank loans	3.82%	(40,000)	4.04%	(50,000)
Interest rate swap *	4.42%	40,000	4.42%	40,000
Working capital facility	3.44%	(5,013)	4.42%	(7,956)
Capex facility	3.29%	(5,000)	-	-
Net exposure to cash flow interest rate risk		34,560		12,034

* For the interest rate swaps outstanding at 26 June 2016:
- Outstanding interest rate swap contracts maturity is May 2020
- Average contracted fixed interest rate is 4.42%
- Notional principal value is $40,000,000
- Fair value at 26 June 2016 is $1,375,000 (liability)

Sensitivity impact of interest rate changes has not been shown as a 0.5% change in interest rates would have an immaterial profit or loss impact based on the net exposure to cash flow interest rate risk at balance date.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Impairment of receivables
The Group has recognised a loss of $321,000 (2015: $24,000) in profit or loss in respect of impairment of receivables for the year ended 26 June 2016.

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Note 34. Financial instruments (continued)

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2016 $'000	2015 $'000
Opening balance	843	541
Additional provisions recognised	321	24
Additions through business combinations	-	278
Receivables written off during the year as uncollectable	(39)	-
Closing balance	1,125	843

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to $6,449,000 as at 26 June 2016 ($7,057,000 as at 28 June 2015).

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2016 $'000	2015 $'000
30 to 90 days overdue	6,415	7,057
Over 90 days overdue	34	-
	6,449	7,057

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2016 $'000	2015 $'000
Bank overdraft	1,900	-
Bank loans	10,000	-
Working capital facility	14,987	8,944
Capex facility	5,000	-
Bank guarantee and letters of credit	3,022	2,592
	34,909	11,536

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Note 34. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2016	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	38,886	-	-	-	38,886
Other payables	-	6,244	-	-	-	6,244
Interest-bearing - variable						
Bank loans	4.42%	1,768	5,514	39,934	-	47,216
Working capital facility	3.44%	5,013	-	-	-	5,013
Capex facility	3.29%	5,000	-	-	-	5,000
Total non-derivatives		56,911	5,514	39,934	-	102,359
Derivatives						
Interest rate swaps net settled	4.42%	-	1,375	-	-	1,375
Forward foreign exchange contracts net settled	-	6,608	593	-	-	7,201
Total derivatives		6,608	1,968	-	-	8,576

Consolidated - 2015	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	30,751	-	-	-	30,751
Other payables	-	4,247	-	-	-	4,247
Interest-bearing - variable						
Bank loans	4.42%	1,658	11,133	46,724	-	59,515
Working capital facility	4.42%	7,956	-	-	-	7,956
Interest-bearing - fixed rate						
Owing to vendors of Accent Group	6.00%	15,979	-	-	-	15,979
Vendor loan notes	6.00%	1,260	28,420	-	-	29,680
Total non-derivatives		61,851	39,553	46,724	-	148,128
Derivatives						
Interest rate swaps net settled	4.42%	-	311	-	-	311
Total derivatives		-	311	-	-	311

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Capital risk management

The Group manages its capital to ensure that all the entities within the Group are able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

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Note 34. Financial instruments (continued)

The capital structure of the Group consists of cash and cash equivalents, trade and other receivables, inventories, intangibles and net working capital. The equity attributable to equity holders of the parent entity comprises issued capital, reserves and accumulated losses.

Management effectively manage the Group's capital by assessing the Group's financial risks and adjusting the Group's capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

None of the Group entities are subject to externally-imposed capital requirements.

The capital risk management policy has not changed since the 28 June 2015 year.

Note 35. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Forward foreign exchange contracts - cash flow hedges	-	7,201	-	7,201
Interest rate swap contracts - cash flow hedges	-	1,375	-	1,375
Total liabilities	-	8,576	-	8,576

Consolidated - 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Forward foreign exchange contracts - cash flow hedges	-	2,412	-	2,412
Total assets	-	2,412	-	2,412
Liabilities				
Interest rate swap contracts - cash flow hedges	-	311	-	311
Total liabilities	-	311	-	311

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

The fair values of the above financial assets and financial liabilities are determined using the following valuation techniques:

Forward foreign exchange contracts – 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.

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Note 35. Fair value measurement (continued)

Interest rate swap contracts - 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.

Note 36. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2016	2015
	$	$
Short-term employee benefits	3,401,874	2,270,649
Post-employment benefits	156,203	105,269
Long-term benefits	64,744	22,706
	3,622,821	2,398,624

Note 37. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company, and unrelated firms:

	Consolidated	
	2016	2015
	$	$
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	285,000	212,000
Other services - Deloitte Touche Tohmatsu		
Acquisition due dilligence	105,000	215,000
	390,000	427,000
Audit services - unrelated firms		
Audit or review of the financial statements	186,000	47,709
Other services - unrelated firms		
Taxation services	150,000	27,201
Other	110,000	-
	260,000	27,201
	446,000	74,910

Note 38. Contingent liabilities

The Group has bank guarantees outstanding as at 26 June 2016 of $5,896,936 (2015: $4,945,717). The Group also has open letters of credit of $14,146,474 (2015: $15,562,500). These guarantees and letters of credit entered into in relation to the debts of its subsidiaries.

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Note 38. Contingent liabilities (continued)

The Athletes Foot has entered into operating lease commitments with landlords in its capacity as head lessor for stores operated by the franchisees. However, the 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 $54,040,000 (2015: $72,000,000) and comprises:

	Consolidated	
	2016	2015
	$'000	$'000
Default by franchisee		
Maximum possible exposure comprising:		
Less than one year	17,250	20,600
Between one and five years	34,540	46,200
More than five years	2,250	5,200
	54,040	72,000

This above would arise only in the event that all franchisees defaulted at the same time.

Note 39. Commitments

	Consolidated	
	2016	2015
	$'000	$'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	8,813	4,475
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	39,467	28,307
One to five years	111,636	73,401
More than five years	17,457	5,017
	168,560	106,725

Operating lease commitments includes contracted amounts for various retail outlets and corporate headquarters under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 40. Related party transactions

Parent entity
RCG Corporation Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 43.

Key management personnel
Disclosures relating to key management personnel are set out in note 36 and the remuneration report included in the directors' report.

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Note 40. Related party transactions (continued)

Entities associated with key management personnel
Tidereef Pty Limited, a shareholder, is a company associated with Ivan Hammerschlag.
Rivan Pty Limited, a shareholder, is a company associated with David Gordon.
Vamico Pty Limited, a shareholder, is a company associated with Michael Cooper.
Omniday Pty Limited, a shareholder, is a company associated with Michael Hirschowitz.
Rastana Holdings Pty Limited, a shareholder, is a company associated with Hilton Brett.
2 Como Pty Ltd, a shareholder, is a company associated with Daniel Agostinelli.
Retail Oasis Pty Limited, a company associated with Stephen Kulmar.

Transactions with related parties
The following transactions occurred with related parties:

Retail Oasis Pty Limited, a company associated with Stephen Kulmar, provided consultancy services to the Company's subsidiaries amounting to $12,882 (2015: $123,000). These services were provided on an arm's length basis.

Loans to/from related parties

	Consolidated	
	2016 $	2015 $
Loan repayments paid/(received) from directors:		
- Hilton Brett	(1,051,692)	-
- Michael Hirschowitz	(137,350)	-
- Michael Cooper	(119,000)	-
- Michael Hapgood *	8,918,400	-
- Daniel Agostinelli (including 2 Como Pty Ltd) *	4,459,200	-
- Craig Thompson *	22,096,000	-
Total	34,165,558	-
Interest charged on loan to director, Hilton Brett	-	135,000

* Repayment of vendor loan note provided by the former shareholders of Accent Group in connection with the purchase of that business.

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2016 $	2015 $
Loans to/(from) key management personnel:		
- Ivan Hammerschlag	78,200	78,200
- Hilton Brett	-	1,051,692
- Michael Hirschowitz	-	137,350
- Michael Cooper	-	119,000
- Stephen Kulmar	6,000	6,000
- Craig Thompson	(200,000)	(22,296,000)
- Michael Hapgood	-	(8,918,400)
- Daniel Agostinelli (including 2 Como Pty Ltd)	-	(4,459,200)
Total loans receivable/(payable)	(115,800)	(34,281,358)

Under the EOP approved by the shareholders at the Extraordinary General Meeting held on 19 December 2006, the Company provided loans to option recipients in respect of the option fees payable for the right to acquire the options. Under the accounting standards, both the loans and the corresponding movement in equity are only recognised in the financial statements when the options are exercised. During the prior periods key management personnel exercised vested options and the interest free loans in respect of the relevant option fees have been recognised.

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Note 41. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2016 $'000	2015 $'000
Profit/(loss) after income tax	(1,277)	11,958
Other comprehensive income for the year, net of tax	-	2,082
Total comprehensive income	(1,277)	14,040

Statement of financial position

	Parent 2016 $'000	2015 $'000
Total current assets	39,334	54,724
Total non-current assets	273,687	275,539
Total assets	313,021	330,263
Total current liabilities	6,750	21,317
Total non-current liabilities	41,471	78,429
Total liabilities	48,221	99,746
Net assets	264,800	230,517
Equity		
Issued capital	319,319	257,741
Hedging reserve - cash flow hedges	(1,988)	720
Share-based payments reserve	3,721	3,519
Accumulated losses	(56,252)	(31,463)
Total equity	264,800	230,517

Contingent liabilities
The parent entity had no contingent liabilities as at 26 June 2016 and 28 June 2015, other than those disclosed in note 36, which apply to RCG Corporation Limited as parent of the Group.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 26 June 2016 and 28 June 2015.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

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Note 42. Business combinations

2016
There were no new business combinations in the year.

2015
The following companies were acquired to continue the expansion of the Group in the comparative 2015 year:

TAF Booragoon Pty Ltd
On 1 July 2014 the Group acquired 60% of the ordinary shares of TAF Booragoon Pty Ltd for the total consideration transferred of $1,089,000. The goodwill of $1,329,000 represents the present values of future cash flows. The acquired business contributed revenues of $3,674,000 and profit after tax of $283,000 to the Group for the period from the date of acquisition to 28 June 2015. If the acquisition occurred on 30 June 2014, the full year contributions would not have been materially different.

Accent Group Limited
On 27 May 2015 the Group acquired 100% of the ordinary shares of Accent Group Limited for the total consideration transferred of $264,327,000. The provisional goodwill at 28 June 2015 of $198,761,000 represents the present values of future cash flows. The acquired business contributed revenues of $29,534,000 and profit after tax of $1,444,000 to the Group for the period from the date of acquisition to 28 June 2015. If the acquisition occurred on 1 July 2014, the full year contributions would have been revenues of $226,789,000 and profit after tax of $15,191,000. The values identified in relation to the acquisition of Accent Group Limited were provisional as at 28 June 2015.

Details of the acquisitions recorded in FY2015 were as follows:

	2015 TAF Booragoon Fair value $'000	2015 Accent Group Fair value $'000	2015 Total Fair value $'000
Cash and cash equivalents	1	9,982	9,983
Trade and other receivables	-	10,870	10,870
Inventories	425	47,762	48,187
Other current assets	-	617	617
Plant and equipment	100	20,281	20,381
Brands	-	10,400	10,400
Distribution licences	-	15,100	15,100
Deferred tax asset	-	2,076	2,076
Trade and other payables	(23)	(28,477)	(28,500)
Provision for income tax	-	(1,242)	(1,242)
Deferred tax liability	-	(7,650)	(7,650)
Employee benefits provisions	(17)	(1,826)	(1,843)
Deferred lease incentives	-	(3,819)	(3,819)
Interest bearing loans and borrowings	-	(6,903)	(6,903)
Derivative financial liabilities	-	(1,605)	(1,605)
Net assets acquired	486	65,566	66,052
Goodwill	1,329	198,761	200,090
Acquisition-date fair value of the total consideration transferred	1,815	264,327	266,142
Representing:			
Cash paid or payable to vendor	1,089	75,000	76,089
RCG Corporation Limited shares issued to vendor	-	160,714	160,714
Vendor loan notes	-	28,000	28,000
Interest payable to vendor	-	613	613
Non-controlling interest	726	-	726
	1,815	264,327	266,142
Acquisition costs expensed to profit or loss	-	3,314	3,314

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Note 42. Business combinations (continued)

	2015 TAF Booragoon Fair value $'000	2015 Accent Group Fair value $'000	2015 Total Fair value $'000
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	1,815	264,327	266,142
Less: cash and cash equivalents	(1)	(9,982)	(9,983)
Less: payments to be made in future periods	-	(15,616)	(15,616)
Less: shares issued by Company as part of consideration	-	(160,714)	(160,714)
Less: vendor loan notes	-	(28,000)	(28,000)
Less: interest payable to vendor	-	(613)	(613)
Less: non-controlling interest	(726)	-	(726)
Net cash used	1,088	49,402	50,490

During FY2016 the Accent acquisition purchase price allocation was finalised with changes recorded as follows:

	FY2015 Reported $'000	FY2016 Final $'000	Net movement $'000
Licences	15,100	16,800	1,700
Brands	10,400	11,100	700
Deferred tax liability	(7,650)	(8,370)	(720)
Net assets acquired	17,850	19,530	1,680
Goodwill	198,761	197,081	(1,680)
	216,611	216,611	-

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Note 43. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2016 %	2015 %
The Athlete's Foot Australia Pty Limited	Australia	100.00%	100.00%
TAF Constructions Pty Limited	Australia	100.00%	100.00%
RCG Brands Pty Limited	Australia	100.00%	100.00%
RCG Retail Pty Limited	Australia	100.00%	100.00%
TAF eStore Pty Limited	Australia	100.00%	100.00%
TAF Partnership Pty Ltd	Australia	100.00%	100.00%
TAF Rockhampton Pty Ltd *	Australia	80.00%	80.00%
TAF Eastland Pty Ltd *	Australia	80.00%	80.00%
TAF The Glen Pty Ltd *	Australia	60.00%	60.00%
TAF Hornsby Pty Ltd *	Australia	80.00%	80.00%
TAF Hobart Pty Ltd *	Australia	80.00%	80.00%
TAF Booragoon Pty Ltd *	Australia	60.00%	60.00%
Accent Group Limited	New Zealand	100.00%	100.00%
Platypus Shoes Limited **	New Zealand	100.00%	100.00%
Accent Footwear Limited **	New Zealand	100.00%	100.00%
Accent Group Pty Limited **	Australia	100.00%	100.00%
Platypus Shoes (Australia) Pty Limited **	Australia	100.00%	100.00%
Dr Martens New Zealand Limited **	New Zealand	100.00%	100.00%
42K Pty Ltd **	Australia	100.00%	100.00%
RCG Grounded Pty Ltd	Australia	100.00%	100.00%

* Indirectly held through TAF Partnership Pty Ltd
** Indirectly held through Accent Group Limited

Note 44. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2016 $'000	2015 $'000
Profit after income tax expense for the year	30,183	10,549
Adjustments for:		
Depreciation and amortisation	14,299	2,677
Share-based payments	202	381
Foreign exchange differences	(191)	95
Change in assets and liabilities:		
Receivables	(2,316)	(759)
Inventories	(5,858)	(10,037)
Trade creditors and provisions	9,215	6,469
Tax assets and liabilities	(1,177)	(1,260)
Net cash from operating activities	44,357	8,115

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Note 45. Non-cash investing and financing activities

	Consolidated 2016 $'000	Consolidated 2015 $'000
Shares issued in relation to business combinations	-	160,714

Note 46. Earnings per share

	Consolidated 2016 $'000	Consolidated 2015 $'000
Profit after income tax	30,183	10,549
Non-controlling interest	(259)	(226)
Profit after income tax attributable to the owners of RCG Corporation Limited	29,924	10,323
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	464,107,553	277,436,170
Adjustments for calculation of diluted earnings per share:		
Options and loan funded shares	1,959,000	7,996,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	466,066,553	285,432,170
	Cents	**Cents**
Basic earnings per share	6.45	3.72
Diluted earnings per share	6.42	3.62

Note 47. Share-based payments

Employee Option Plan

Options issued under the Employee Option Plan ('EOP') convert into one ordinary share in the Company on exercise. In addition to the exercise price of each option, an option fee is payable for all options. The option fee varies depending on the date on which the options were issued, but have all been calculated with reference to the Volume Weighted Average Price of RCG's shares on the ASX for the seven days leading up to the date on which the options were issued.

Employee Share Scheme

Shares have been issued under the RCG Employee Share Scheme ('ESS') and are held in escrow until certain vesting conditions are met. The shares were issued at market value at the date of the offer and the Company has provided employees with a limited recourse loan to acquire the shares. Interest on the loan is equivalent to the value of franked dividends paid in respect of the shares. The shares are treated as in substance options and accounted for as share-based payments.

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Note 47. Share-based payments (continued)

Set out below are summaries of options granted under the plans:

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Employee option plan:							
23/08/2010	23/08/2015	$0.589	1,850,000	-	(1,850,000)	-	-
14/12/2010	18/12/2015	$0.660	1,500,000	-	(1,500,000)	-	-
24/08/2011	24/08/2016	$0.570	2,100,000	-	(355,000)	-	1,745,000
Share loan:							
28/02/2013	28/02/2016	$0.345	3,000,000	-	(3,000,000)	-	-
12/01/2015	28/08/2018	$0.400	1,000,000	-	(300,000)	-	700,000
27/08/2015	27/08/2018	$0.589	-	1,100,000	-	-	1,100,000
27/08/2015	27/08/2018	$0.660	-	600,000	-	-	600,000
Employee share scheme:							
28/02/2013	28/08/2018	$0.490	5,155,000	-	(1,035,001)	(150,000)	3,969,999
03/12/2013	03/06/2019	$0.690	200,000	-	-	-	200,000
02/10/2014	30/03/2020	$0.590	1,360,000	-	-	-	1,360,000
30/03/2015	30/09/2020	$0.730	220,000	-	-	(150,000)	70,000
27/05/2015	30/09/2020	$0.730	2,900,000	-	-	-	2,900,000
27/05/2015	30/09/2020	$1.010	500,000	-	-	-	500,000
28/08/2015	30/08/2020	$1.140	-	1,700,000	-	(100,000)	1,600,000
13/05/2016	28/02/2021	$1.490	-	400,000	-	-	400,000
			19,785,000	3,800,000	(8,040,001)	(400,000)	15,144,999

2015

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Employee option plan:							
04/01/2010	04/01/2015	$0.400	4,500,000	-	(4,500,000)	-	-
23/08/2010	23/08/2015	$0.589	2,100,000	-	-	(250,000)	1,850,000
14/12/2010	18/12/2015	$0.660	1,500,000	-	-	-	1,500,000
24/08/2011	24/08/2016	$0.570	2,350,000	-	(100,000)	(150,000)	2,100,000
Share loan:							
28/02/2013	28/02/2016	$0.300	3,000,000	-	-	-	3,000,000
12/01/2015	28/08/2018	$0.400	-	1,000,000	-	-	1,000,000
Employee share scheme:							
28/02/2013	28/08/2018	$0.490	6,265,000	-	-	(1,110,000)	5,155,000
03/12/2013	03/06/2019	$0.690	450,000	-	-	(250,000)	200,000
02/10/2014	30/03/2020	$0.590	-	1,360,000	-	-	1,360,000
30/03/2015	30/09/2020	$0.730	-	220,000	-	-	220,000
27/05/2015	30/09/2020	$0.730	-	2,900,000	-	-	2,900,000
27/05/2015	30/09/2020	$1.010	-	500,000	-	-	500,000
			20,165,000	5,980,000	(4,600,000)	(1,760,000)	19,785,000

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Note 47. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2016 Number	2015 Number
23/08/2010	23/08/2015	-	500,000
23/08/2010	23/08/2015	-	100,000
23/08/2010	23/08/2015	-	550,000
24/08/2011	24/08/2016	1,745,000	460,000
28/02/2013	28/02/2016	-	3,000,000
		1,745,000	4,610,000

The weighted average share price during the financial year was $1.443 (2015: $0.854).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.53 years (2015: 1.66 years).

For the options granted during the year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
28/08/2015	30/08/2020	$1.140	$1.140	25.00%	4.00%	2.10%	$0.357
13/05/2016	28/02/2021	$1.490	$1.490	25.00%	4.00%	2.10%	$0.365

Note 48. Events after the reporting period

On 4 July 2016, the Company announced that it has entered into a binding agreement to acquire 100% of the shares of Hype DC Pty Limited, an Australian retailer of branded athleisure and style footwear. The purchase price is based on six times normalised FY2016 EBITDA. The purchase price is expected to be approximately $110 million.

Provisional details of the acquisition are as follows:

	Fair value $'000
Assets	20,457
Liabilities	(14,371)
Net assets acquired	6,086
Goodwill	104,041
Acquisition-date fair value of the total consideration transferred	110,127
Representing:	
Cash paid or payable to vendor	34,003
RCG Corporation Limited shares to be issued to vendor *	63,000
Vendor loan notes	13,124
	110,127
Acquisition costs expensed to profit or loss	700

* Value based on value of shares issued at completion date

Apart from the dividend declared as disclosed in note 33, no other matter or circumstance has arisen since 26 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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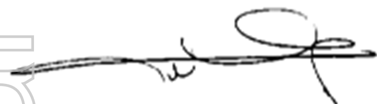
In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 26 June 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Ivan Hammerschlag
Chairman

Hilton Brett
Co-Chief Executive Officer

25 August 2016
Sydney

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

Report on the Financial Report

We have audited the accompanying financial report of RCG Corporation Limited, which comprises the statement of financial position as at 26 June 2016, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 18 to 65.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Deloitte.

Auditor's Independence Declaration

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of RCG Corporation Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 26 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included under the heading 'Remuneration Report' in the directors' report for the year ended 26 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of RCG Corporation Limited for the year ended 26 June 2016, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants
Sydney, 25 August 2016

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RCG CORPORATION

The shareholder information set out below was applicable as at 31 July 2016.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	375	-
1,001 to 5,000	1,017	-
5,001 to 10,000	828	-
10,001 to 100,000	1,551	9
100,001 and over	183	39
	3,954	48
Holding less than a marketable parcel	105	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	% of total shares issued
CRAIG JOHN THOMPSON	71,428,562	14.17
NATIONAL NOMINEES LIMITED	49,554,618	9.83
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	44,611,363	8.85
J P MORGAN NOMINEES AUSTRALIA LIMITED	36,637,657	7.27
JAMES WILLIAM DUELL	28,571,425	5.67
MICHAEL JOHN HAPGOOD	28,571,425	5.67
RBC INVESTOR SERVICES AUSTRALIA PTY LIMITED	24,558,096	4.87
BNP PARIBAS NOMS PTY LTD	20,718,192	4.11
CITICORP NOMINEES PTY LIMITED	17,277,929	3.43
BBRC INTERNATIONAL PTE LTD	14,047,623	2.79
2COMO PTY LTd	10,714,284	2.13
AUTHENTICS AUSTRALIA PTY LTD	8,364,694	1.66
RIVAN PTY LTD	6,599,034	1.31
TIDEREEF PTY LIMITED	6,445,881	1.28
VAMICO PTY LIMITED	5,246,855	1.04
OMNIDAY PTY LIMITED	4,613,520	0.92
BNP PARIBAS NOMINEES PTY LTD	4,254,335	0.84
RASTANA HOLDINGS PTY LIMITED	3,825,972	0.76
DANIEL JOHN AGOSTINELLI	3,571,428	0.71
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	2,991,706	0.59
	392,604,599	77.90

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Substantial holders

Substantial holders in the Company are set out below:

	Number held	Ordinary shares % of total shares issued
CRAIG JOHN THOMPSON	71,428,562	14.17
MICHAEL JOHN HAPGOOD	28,571,425	5.67
JAMES WILLIAM DUELL	28,571,425	5.67
AUSBIL INVESTMENT MANAGEMENT LIMITED	26,941,438	5.35
NATIONAL AUSTRALIA BANK LIMITED AND ITS ASSOCIATED ENTITIES	25,295,523	5.02

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

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Directors	Ivan Hammerschlag Hilton Brett Daniel Agostinelli Michael Hirschowitz Michael Cooper Michael Hapgood Craig Thompson David Gordon Stephen Kulmar Daniel Gilbert
Company secretary	Leanne Ralph
Registered office and principal place of business	719 Elizabeth Street Waterloo NSW 2017 Telephone: 02 8310-0000 Email: investors@rcgcorp.com.au
Share register	Computershare Investor Services Pty Limited GPO Box 2975 Melbourne VIC 3001 Telephone: 1300 850 505
Auditor	Deloitte Touche Tohmatsu Grosvenor Place 225 George Street Sydney NSW 2000
Bankers	National Australia Bank
Stock exchange listing	RCG Corporation Limited shares are listed on the Australian Securities Exchange (ASX code: RCG)
Website	www.rcgcorp.com.au
Corporate Governance Statement	www.rcgcorp.com.au/for-investors/corporate-governance/

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