



ASX/media release

7 February 2011

MARKET UPDATE

Retail Food Group Limited (ASX:RFG) provides the following operational update:

1H11 Results:

RFG anticipates the release of its 1H11 Half Year Report and accompanying 1H11 Results Presentation on or about the 17th of February 2011.

Acquisition of Esquires Coffee Houses (Esquires)

On the 29th of December 2010 RFG announced that it had reached two separate agreements by which it would acquire the intellectual property, franchisor and licensor rights of the Esquires system for Australia and New Zealand.

Settlement of both transactions was effected today.

Further information concerning the financial metrics of the foregoing transactions will be provided in the Company's 1H11 Results Presentation.

Queensland & Northern New South Wales Flooding:

On the 18th of January 2010 RFG provided the market with an update concerning the impact of recent flood events affecting Queensland and Northern New South Wales.

Pleasingly, the Company advises that, save for five Brumby's outlets (including 4 Big Dad's Pies outlets), all outlets impacted by the aforesaid events are operational.

Of the five outlets which continue to be closed, RFG is working with the affected franchisees regarding assessment of damage sustained to their outlets together with reinstatement timing. As previously indicated to the market, these circumstances present an opportunity for significantly damaged Big Dad's Pies outlets to progress opportunities for stronger realignment to the Brumby's brand and the Company continues to investigate these opportunities with the franchisees concerned.

Cyclone Yasi:

RFG has conducted a preliminary assessment of the impact of Cyclone Yasi which recently affected Far North Queensland.

Given uncertainty regarding the potential landfall of the cyclone, a total of 44 outlets were directly affected which resulted in outlet closure:

- 33 Brumby's outlets;
- 9 Donut King outlets;
- 2 bb's café outlets.

The vast bulk of these closures were deliberate, premeditated and undertaken for safety reasons.

All but one outlet have recommenced trade or will shortly do so once electricity is again available. As a consequence, the principal affects suffered by those outlets are essentially loss of stock and an inability to trade for up to seven days (dependent on outlet location).

One Brumby's outlet has suffered significant damage as a consequence of the cyclone. RFG continues to liaise with the franchisee in question regarding the full assessment of damage sustained and the potential reinstatement of trade.

As was the case with the recent floods, RFG has allocated financial, logistical and personnel resources toward provision of necessary and appropriate relief and support for the franchisee community affected by Cyclone Yasi.

About Retail Food Group Limited

Retail Food Group is a leading Australian retail food brand manager and franchisor. It is the franchisor and intellectual property owner of the Donut King, Michel's Patisserie, Brumby's Bakeries (including Big Dad's Pies), Esquires Coffee Houses and bb's café franchise systems.