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21 March 2012

Mr Cameron Bill
Advisor, Listings
ASX Compliance Pty Ltd
PO Box H224
AUSTRALIA SQUARE NSW 1215

Via Email: Cameron.bill@asx.com.au

Dear Cameron

**RE: RETAIL FOOD GROUP LIMITED
APPENDIX 3Y (08.03.12)**

We refer to your letter of the 16th instant.

In response to the queries outlined therein, and as indicated in our letter of the 8th instant (covering the Appendix 3Y under consideration), the changes to Mr Alford's notifiable interests arose as a consequence of Mr Alford's brother having exercised, on 16 February 2012, 15,000 options (for 1 RFG ordinary share per option) which had vested under the Company's Executive Share Option Plan.

The Company's delay in having notified that transaction to the market arose simply as a consequence of inadvertent oversight during a period of tremendous activity. As per our discussions on the 15th of March last, when the event arose the Company was at that time in the process of finalising:

- a) arrangements concerning its agreement to acquire the Pizza Capers Gourmet Kitchen franchise system – a transaction of significant scale ultimately announced to the market on the 28th of February last; and
- b) its Appendix 4D and Interim Financial Report for the Half Year ending 31 December 2011 (which was also released to the market on 28 February 2012).

The foregoing oversight was immediately identified upon reconciliation of the Director's notifiable interests on the 8th of March 2012 and referenced in the Appendix 3Y lodged with CAPS on that date (and to which your initiating correspondence refers).

Both the Company and its Directors maintain a number of mechanisms to ensure each are able to meet disclosure obligations under the ASX Listing Rules and Corporations Act. These mechanisms include entry into disclosure agreements on terms consistent with those recommended under ASX Guidance Note 22.

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Mr Alford also singularly retains a third party consultant to assist with monitoring of his own notifiable interests and prompt notification to the Company of any change thereto.

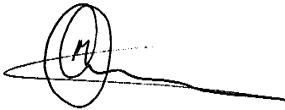
Subsequent to your letter of the 16th instant, the Company has further bolstered its monitoring arrangements to ensure its Options Register flags for consideration the possibility of changes to notifiable interests amongst Directors in circumstances where options are exercised by parties who may be related to the Directors.

Ultimately, both the Company and its Board are:

- c) fully aware of their disclosure obligations;
- d) take those obligations extremely seriously;
- e) are confident that their respective monitoring procedures concerning notifiable interests are effective and provide for prompt notification of interest changes within time; and
- f) are committed to prompt and proper disclosure in accordance with the ASX Listing Rules and Corporations Act.

In closing, the late notification of the event referred to in your initiating communication represents an innocent oversight arising from unique circumstances. Appropriate steps have been taken to ensure such an omission does not occur in the future and we are of the respectful opinion that the Appendix 3Y of 8 March 2012 has confirmed this to be the case.

Yours faithfully

A handwritten signature in black ink, appearing to be 'M Connors', with a long horizontal flourish extending to the right.

Mark Connors
Company Secretary
Retail Food Group Limited



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16 March 2012

Mr Mark Connors
Company Secretary
Retail Food Group Limited
1 Olympic Circuit
SOUTHPORT QLD 4215

By Email

Dear Mark,

Retail Food Group Limited (the "Company")

We refer to the following:

1. The Appendix 3Y lodged by the Company with ASX on 8 March 2012 for Mr Anthony James Alford;
2. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.1 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*
 - *On the date that the entity is admitted to the official list.*
 - *On the date that a director is appointed.**The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.*
 - 3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*
 - 3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.*
3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed

Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3Y indicates that a change in Mr Alford's notifiable interest occurred on 16 February 2012. It appears that the Appendix 3Y should have been lodged with ASX by 23 February 2012. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B. It also appears the director concerned may have breached section 205G of the Corporations Act.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by email to cameron.bill@asx.com.au. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. A.E.D.T.) on Wednesday, 21 March 2012.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely



Cameron Bill
Adviser, Listings