

4 December 2015

Mr John Johansson
Adviser, Listings Compliance (Melbourne)
ASX Compliance Pty Ltd
Level 4 North Tower Rialto
525 Collins Street Melbourne 3000

By email - john.johansson@asx.com.au

Dear John

ASX AWARE QUERY

We refer to your letter dated 2 December 2015 and respond as follows.

Capitalised terms have the same meaning as in your letter unless otherwise defined in this letter.

1. Does the Entity consider the information contained in the Trading Update to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes.

2. If the answer to question 1 is “no”, please advise the basis for that view.

Not applicable.

3. If the answer to question 1 is “yes”, when did the Entity first become aware of the information?

Spotless in its *Annual General Meeting – Chairman’s Address* Announcement provided a general outlook statement on 22 October 2015 that “*subject to economic conditions, we expect the FY16 results to materially exceed the FY15 results*” (**Outlook Statement**). This statement was made following the Board’s review of the FY2016 Budget on the morning of 22 October 2015, and the performance of the business to the end of September 2015. The FY2016 Budget was generated for internal management purposes and remained confidential and was not released to the market in accordance with Listing Rule 3.1A.

Included in the FY2016 Budget were a number of one-off or other charges, including bid costs written off on tenders, and acquisition transaction and restructuring costs. The quantum of these charges, whilst known to Spotless, were not publicly disclosed as the FY2016 Budget reflected an expectation that the performance of the business in FY2016 would fully absorb these charges, in getting to the budgeted results.

During a meeting of the Board on 25 November 2015, following a business update presented by management at that meeting, the Board noted:

- concerns about the contribution from new business conversions;
- Spotless' budget reflected EBITDA performance from new business to be heavily skewed to the second half; and
- Spotless had been notified that it had not been successful on a large township opportunity in the resources industry (in respect of which Spotless is an incumbent service provider to the relevant client).

Taking account of the above issues, the Board requested that management undertake a full and detailed reforecasting analysis for FY2016 to establish whether the Outlook Statement remained accurate.

The reforecasting analysis was undertaken by management on an urgent basis over the following days and the validated and completed reforecasting analysis along with supporting documentation was presented to the Board at a meeting held at 7.30pm (Melbourne time) on 1 December 2015. It was at this time that Spotless' officers first became aware, with a reasonable degree of certainty, that Spotless' FY2016 outlook would be materially different to earnings indicated in its Outlook Statement. Prior to that time, Spotless did not have sufficiently definite information to be able to reasonably form a view as to whether or not the information in its possession at the time was market sensitive.

4. If the answer to question 1 is "yes" and the Entity first became aware of the information before the relevant date, did the Entity make any announcements prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.

Spotless' awareness of the revised FY2016 outlook, and its disclosure obligation, resulted from the Board's consideration of the completed reforecasting analysis and its determination of the revised FY2016 forecast at its meeting following the close of trade on 1 December 2015. The Trading Update Announcement was made promptly prior to the commencement of trade on 2 December 2015.

As outlined in section 4.4 of Guidance Note 8, in determining when an entity becomes aware of information for the purposes of Listing Rule 3.1, it is relevant to consider:

- if information about a particular event or circumstance is received in instalments over time;
- if such information about the event or circumstance is such that the entity cannot reasonably form a view on whether or not it is market sensitive.

In such circumstances, the entity may need to await further, more complete, information, or to make further enquiries or obtain expert advice in order to make the determination as to whether the information is or is not market sensitive.

In line with this guidance, although the Board and management were aware of factors which may have been relevant to the FY2016 outlook, it was not possible to determine what the revised forecast for FY2016 would be and whether that revised forecast would be price sensitive due to any difference against Spotless' Outlook Statement and analysts' consensus until the reforecasting analysis had been completed and validated.

As is outlined in section 7.3 of Guidance Note 8, for an entity to disclose market sensitive information about an expected difference in its earnings for the current reporting period compared to expectations, there needs to be reasonable degree of certainty that there will be such a difference. This requires an exercise of judgement by the entity and its officers and requires sufficient information to be obtained as earnings may change due to changes in many variables that can affect an entity's earnings.

Spotless first became aware, with a reasonable degree of certainty, of the expected difference in its earnings following the close of trade on 1 December 2015 when the Board considered final reforecasting analysis in relation to FY2016 based on year-to-date trading and determined the revised forecast for FY2016. Prior to that time, Spotless did not have sufficiently definite information to be able to reasonably form a view as to whether or not the information in its possession at the time was market sensitive.

5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Spotless confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Your faithfully



Paul Morris
Company Secretary
Spotless Group Holdings Limited



2 December 2015

Mr. Hardi Negrah
Senior Legal Counsel
Spotless Group Holdings Limited
549 St Kilda Rd
Melbourne VIC 3004

By email: hardi.nagreh@spotless.com.au

Dear Hardi

Spotless Group Holdings Limited (the "Entity"): ASX aware query

ASX Limited ("ASX") refers to the following:

1. The Entity's announcement entitled "Annual General Meeting – Chairman's Address" lodged with ASX Market Announcements Platform and released at 1:08 p.m. on Thursday, 22 October 2015 and the Entity's announcement entitled "Trading Update" lodged with ASX Market Announcements Platform and released at 8:38 a.m. on Wednesday, 2 December 2015 (the "Announcements"), disclosing *"subject to economic conditions, we expect the FY16 results to materially exceed the FY15 results"* (Annual General Meeting – Chairman's Address) and *"EBITDA to be flat year on year and NPAT 10% below last year"* (Trading Update).
2. ASX note a significant increase in volume of shares trading and a low of \$1.265 in the share price on Wednesday, 2 December 2015.
3. ASX is further seeking an explanation from the Company on what grounds it believed the FY16 results would materially exceed the FY15 results per the Annual General Meeting – Chairman's Address announcement made on 22 October 2015 compared to the Trading Update announcement made on 2 December 2015 and what date it become aware of this fact.
4. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
5. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."



Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

6. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

7. ASX’s policy position on the concept of “confidentiality” which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “Listing Rule 3.1A.2 – the requirement for information to be confidential”*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Entity consider the information in the Trading Update to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. If the answer to question 1 is “yes”, when did the Entity first become aware of the information.



4. If the answer to question 1 is “yes” and the Entity first became aware of the information before the relevant date, did the Entity make any announcements prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.
5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 4.00 p.m. AEDT on Friday, 4 December 2015. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at john.johansson@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.



Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

John Johansson

Adviser, Listings (Melbourne)