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APPENDIX 4D AND HALF YEAR REPORT

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Spotless Group Limited

ABN 77 004 376 514

APPENDIX 4D

Half Yearly Report

Half Year Ended 31 December 2008

Spotless Group Limited

Key Results and Dividends

Current period: Half Year ended 31 December 2008

Prior corresponding period: Half Year Ended 31 December 2007

Results	Half Year 31 Dec 2008	Half Year 31 Dec 2007	% Movement compared to prior period
Revenue from ordinary activities	\$1,189.6 million	\$1,202.7 million	Down 1.1%
Earnings before interest, tax and non-recurring items (NRIs)	\$46.1 million	\$44.4 million	Up 3.8%
Net Profit (pre NRIs)	\$21.8 million	\$24.1 million	Down 9.5%
Reported Net Profit attributable to members	\$17.4 million	\$13.0 million	Up 33.8%
Earnings per share (cents)	8.0	6.0	Up 33.3%

Dividends	Interim Dividend Dec 2008	Interim Dividend Dec 2007
Amount per share	5.0c	10.5 c
Franked amount	100%	40%

Ratios and Returns	Dec 2008	Dec 2007
Net tangible assets per share (cents)	(18.7c)	(12.1c)

Interim Dividend Payment Date: 17 April 2009

Record Date for determining dividend entitlement: 27 March 2009

Entitlements to the dividend will be determined on the basis of the receipt of a proper instrument of transfer received by 5.00pm on the above record date if paper based, or such later time permitted by SCH Business Rules if CHES approved.

Dividend Reinvestment Plan (DRP)

The DRP will operate for the interim dividend. The DRP is optional and offers shareholders the opportunity to acquire fully paid ordinary shares, without transaction costs. A shareholder can elect to participate in, vary or terminate involvement in the DRP at any time. The Directors have also decided the minimum number of shares that will be eligible to participate in the Plan for this dividend is 350 shares per shareholding.

DRP election notices must be received by Spotless' Share Registry at Computershare Investor Services, Yarra Falls, 452 Johnston Street, Abbotsford, Vic 3067, by 5.00pm on 27 March 2009 (the Record Date). No discount will apply to the DRP.

Control Gained or Lost

Control was not gained or lost over any entities having a material effect over the period.

Foreign Entities

Not applicable.

Audited Results

This report is based on the financial statements that have been subject to an audit review and are not subject to any dispute or qualification. The detailed half year financial statements are attached to this report.

Financial Performance Summary

Summary Profit & Loss Statement			
A\$ million unless otherwise specified	1H08	1H09	Change
Sales Revenue	1,199.0	1,180.6	(1.5%)
Group EBITDA¹	75.3	74.3	(1.3%)
Depreciation and amortisation	(30.9)	(28.2)	(8.7%)
Facility Services EBIT ¹	41.4	51.2	23.7%
Braiform EBIT ¹	7.8	0.9	(88.5%)
Corporate Administration	(4.8)	(6.0)	25.0%
Group EBIT¹	44.4	46.1	3.8%
Net interest expense	(9.1)	(13.0)	42.9%
Profit Before Tax¹	35.3	33.1	(6.2%)
Tax expense (prior to non-recurring items)	(10.9)	(10.8)	(0.9%)
Minorities	(0.3)	(0.5)	66.7%
NPAT¹	24.1	21.8	(9.5%)
Non-Recurring Items (pre-tax)	(15.8)	(4.4)	n.m.
Non-Recurring Items (post-tax)	(11.1)	(4.4)	n.m.
Reported NPAT	13.0	17.4	33.8%
Underlying EPS (cents)	11.1	10.0	(9.9%)
Reported EPS after minorities (cents)	6.0	8.0	33.3%

Notes:

1. Prior to non-recurring items

A\$ million	1H08	1H09	% Change on pcp
Sales			
Cleaning Services	123.5	124.4	0.7%
Food Services	267.1	282.7	5.8%
Managed Services	517.5	492.6	(4.8%)
Laundry Services	112.2	113.4	1.1%
Facility Services	1,020.3	1,013.1	(0.7%)
Braiform	178.7	167.5	(6.3%)
Group	1,199.0	1,180.6	(1.5%)
Underlying EBIT			
Cleaning Services	4.4	7.6	72.7%
Food Services	12.1	15.0	24.0%
Managed Services	11.8	14.9	26.3%
Laundry Services	13.1	13.7	4.6%
Facility Services	41.4	51.2	23.7%
Braiform	7.8	0.9	(88.5%)
Corporate Administration	(4.8)	(6.0)	25.0%
Group	44.4	46.1	3.8%
EBIT Margin			
Cleaning Services	3.6%	6.1%	255 bp
Food Services	4.5%	5.3%	78 bp
Managed Services	2.3%	3.0%	74 bp
Laundry Services	11.7%	12.1%	41 bp
Facility Services	4.1%	5.1%	100 bp
Braiform	4.4%	0.5%	(383) bp
Group	3.7%	3.9%	20 bp

Review of Operations

For the Half Year ended 31 December 2008

Spotless Group Limited

Group sales revenue for the six months to 31 December 2008 was \$1,180.6 million, a decline of 1.5% over than the prior corresponding period ("pcp"). The Group sales performance reflects a 6.3% or \$11.2 million decline in Braiform sales and \$33.0 million lower pass-through revenues in Managed Services. Pass-through revenues are recognised in the Company's accounts with no profit impact. Excluding the Braiform and pass-through revenues, Group sales rose 2.9% on pcp.

Reported Group EBITDA increased 17.5% to \$69.9 million whilst Group EBITDA prior to non-recurring items ("NRIs") fell 1.3% to \$74.3 million. Depreciation and amortisation expense declined 8.7% on pcp to \$28.2 million, reflecting lower capital expenditure levels in recent periods, with depreciation and amortisation expense slightly above levels incurred in the second half of 2008. Reported Group EBIT rose 45.8% to \$41.7 million. Group EBIT pre-NRIs rose 3.8% to \$46.1 million.

Facility Services, comprising Spotless' businesses in Australia and New Zealand, delivered EBIT growth of 23.7% prior to NRIs. All Facility Services Divisions delivered positive earnings growth during the period. Braiform EBIT declined 88.5% to \$0.9 million amid the toughest retail market conditions experienced in decades.

Net interest expense rose \$3.9 million or 42.9% to \$13.0 million. This movement includes a non-cash reduction in interest revenue of \$1.7 million related to the AIFRS treatment of the Company's discontinued share loan plan. Higher average debt levels were a driver behind the \$2.0 million increase in 'cash' net interest expense.

Income tax expense rose 74.2% to \$10.8 million, reflecting an effective tax rate (prior to NRIs) of 32.6% (pcp 30.9%). The rise in the effective tax rate on pcp reflects changes in the geographic mix of profits in Braiform from jurisdictions with lower tax rates to jurisdictions with higher tax rates. Reported tax expense rose in absolute dollar terms driven by lower restructuring costs compared with the pcp.

Reported NPAT rose 33.8% to \$17.4 million, whilst Reported EPS rose 33.3% to 8.0 cents, reflecting a 0.6% rise in the number of shares on issue. NPAT pre-NRIs fell 9.5% to \$21.8 million, whilst EPS pre-NRIs fell 10.1% to 10.0 cents. The only non-recurring item during the period was a non-cash impairment of the Group's investment in Programmed Maintenance Services Limited (\$4.4 million on both a pre-tax and post-tax basis). Other items absorbed in the underlying result (prior to non-recurring items) include \$3.8 million in transformation and restructuring costs (treated as NRIs in the pcp), approximately \$2.0 million in additional long service leave provisions due to the fall in global interest rates and a \$2.9 million pre-tax profit on the sale of a Food contract. This contract sale has no tax impact and is reflected within the Food segment result.

Cleaning Services

Sales revenue rose 0.7% to \$124.4 million, driven by contract wins in the Airports and Resources sectors, and the signing of a number of National contracts. This growth was partly offset by contract losses in New South Wales and Victoria, and a largely flat result in New Zealand.

EBIT rose 72.7% to \$7.6 million, driven primarily by improved operational performance as a result of EIP initiatives (implemented in FY08), and a greater focus on labour and cost containment. Contract mobilisation issues noted in 1H08 are now fully resolved and improved operational performance in these contracts has also contributed to the strong growth in EBIT.

Food Services

Sales revenue rose 5.8% to \$282.7 million. Growth in the Alliance segment (formerly Business Education and Aged Care) was underpinned by the acquisition of Alliance Catering in the pcp and leveraging the acquired brand into the existing business. Hospitality also recorded positive sales growth with additional sporting fixtures and higher attendance at major Australian stadium events. Airport sales growth was positive despite being hampered by protracted terminal redevelopment programs and declining international passenger numbers. Revenue growth in New Zealand was broadly flat on the prior corresponding period.

Earnings rose 24.0% to \$15.0 million, with the result including a \$2.9m profit on sale of a Victorian contract. Excluding this impact, earnings were flat on pcp. By segment, a strong performance was achieved in Alliance offset by Hospitality and Airports. Performance in the Alliance segment was improved as a result of margin enhancement and a broad rejuvenation of the business under the Alliance brand. The Hospitality division experienced growth in stadia and events, however this was offset by lower volumes in venue catering and input cost pressures. A softer Airports performance was driven by lower volumes and disrupted trading conditions due to continuing airport terminal redevelopments.

Laundries

Sales revenue rose 1.1% to \$113.4 million with significant growth in Linen partly offset by the ongoing decline in some areas of the Garments market as the manufacturing sector continues to decline overall, lowering demand for work-wear laundering services. New Zealand revenues were flat notwithstanding lower demand from the Linen accommodation market.

Earnings were stronger over the prior corresponding period, rising 4.6% to \$13.7 million. The key driver of the result was a turnaround in the New Zealand Taylor's business and margin enhancement from Linen, whilst Garments earnings remained relatively flat. There was a continued focus on water and energy efficiency with substantial capital investments generating demonstrable cost efficiencies.

Managed Services

Sales revenue declined 4.8% to \$492.6 million, largely due to a 28% reduction in pass-through revenue. Pass-through revenues are recognised in the Company's accounts with no profit impact. Excluding the effect of pass-through revenues, Managed Services recorded 2.0% revenue growth. Growth in new business was driven by contract wins in the Government, Education and Resources sectors as well as new PPP contracts.

Earnings rose 26.3% to \$14.9 million, driven by the ongoing benefits of the Group-wide Efficiency Improvement Program and more profitable volumes within existing contracts. This was partially offset by some contract losses and successful retendering of contracts at lower margins than the pcp.

Braiform (Retailer Services)

Sales in Braiform were significantly affected by negative trading conditions in the global apparel retailing market, with revenues down 6.3% to \$167.5 million. Lower sales were achieved due to the impacts of both lower garment sales at the retail level, as well as de-stocking by major retailers and garment manufacturers. As reported in Australian dollars, sales benefited slightly from a weaker Australian dollar compared with the pcp.

Earnings fell 88.5% to \$0.9 million as the business continues to restructure and faces challenges amid tough trading conditions. The result includes \$1.7 million in restructuring costs, which will provide enduring savings in the second half and beyond. The key driver of the lower margin result was lower sales volumes on a largely inflexible cost base. A fall in resin costs, reflecting lower crude oil prices, flowed through to results towards the end of the period.

Corporate Administration

Unallocated corporate administration costs were \$6.0 million during the period, compared with \$4.8 million in the pcp.

Cash Flow, Gearing & Debt Refinancing

Bank debt facilities refinanced and restructured

Spotless has entered into a syndicated debt facility to restructure its three A\$240 million existing bilateral debt facilities into a single syndicated unsecured facility of A\$240 million expiring in February 2012. Including the Company's US\$130 million in US Private Placement notes, Spotless' debt maturity profile has been significantly extended to between three and six years. Spotless remains comfortably within its debt covenants, and the new facility contains minimal changes to covenants. Pricing has increased, reflecting prevailing credit market conditions.

Cash flow, Balance Sheet & Gearing

Gross operating cash flow declined 22.7% to \$40.9 million, reflecting investments in working capital and payments made relating to restructuring costs expensed in FY08. The ratio of gross operating cash flow to EBITDA, adjusted for working capital investment and payments for NRIs, was 81% (76% in the pcp).

Net operating cash flow declined 37.9% over the prior corresponding period to \$20.5 million, primarily due to lower Gross Operating Cash Flow and higher net interest and tax payments. Capital expenditure fell 9.7% on pcp to \$27.1 million.

Spotless continues to generate strong underlying cashflows, and management is focused on working capital efficiencies.

Net debt as at 31 December 2008 rose to \$289.6 million from \$239.7m at 30 June 2008, leading to gearing (net debt to net debt plus equity) at 31 December 2008 of 44.5% (40.4% at 30 June 2008). Between 30 June 2008 and 31 December 2008, net debt increased by approximately \$50m. The rise in net debt levels at 31 December reflects the non-cash impact of FX translation (\$17m), the payment of FY08 NRIs in the first half of 2009 (\$14m) and a seasonal build in working capital levels. Spotless continues to have strong interest cover in local currency earnings for its offshore debt obligations.

Dividends

The Directors have concluded their previously announced review of dividend policy, having considered the challenging economic climate, the capital requirements of the business in the context of a stated growth strategy, and the desire to maximise the tax effectiveness of distributions. For these reasons, it is the intention of Directors to have reference to a target payout ratio of between 50% to 60% of EPS. The Directors declared an interim dividend of 5.0 cents per share, franked to 100%, compared with 10.5 cents per share in the prior corresponding period (franked to 40%).

OUTLOOK

The Directors do not intend to provide specific earnings guidance at this time due to the increasingly challenging general economic and financial market environment. However, at this stage, Spotless expects the second half EBIT result for Facility Services to exceed the first half. In respect of Braiform, Spotless does not expect a material improvement in global retail market conditions in the second half.

Spotless is competitively positioned amid uncertain economic times as it provides a range of essential outsourced service solutions to a broad mix of customers in both Government and Industry across thousands of contracts. The cost reductions achieved over the last 18 months – ahead of the economic downturn - position Spotless well for this period.

Spotless will continue to reinvest in its businesses through this period. A period of reinvestment in processes and systems is planned in order to achieve the next phase of the Spotless turnaround. Investments under consideration include the ongoing rollout of Shared Services, potential technology platform investments and a new composite laundry in Queensland. These investments will enable future growth and have strong strategic and financial benefits.

Facility Services

Solid trends remain across all four business lines in Australia and New Zealand, notwithstanding some patchy areas of demand. For example, Spotless has observed signs of a pause in decision making for some customers, particularly where expenditure and commitments are concerned. Customers continue to demand greater value from existing and new outsourcing partnerships.

Braiform (Retailer Services)

Despite reducing input costs, current patterns in the global retail market are such that we do not expect a material improvement in trading conditions during the second half. Management continues to focus on improving the supply chain operation, and cost effectiveness of support functions.

J Farnik
Managing Director &
Chief Executive Officer
Spotless Group Limited

18 January 2009

Spotless Group Limited

ABN 77 004 376 514

**Half Yearly Financial Report
for the half year ended 31 December 2008**

SPOTLESS GROUP LIMITED
and controlled entities

Contents

Directors' Report	3
Condensed Consolidated Income Statement	4
Condensed Consolidated Balance Sheet	5
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Cash Flow Statement	7
Notes to the Financial Statements	8-11
Directors' Declaration	12
Independence Declaration	13
Independent Auditor's Review Report	14

SPOTLESS GROUP LIMITED
and controlled entities

Directors' Report

Your Directors are pleased to present their report for the half year ended 31 December 2008. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names of the Directors of Spotless Group Limited in office during the half year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

P J Smedley (Chairman)
J Farnik (Managing Director, appointed 2 July 2008)
A E Beanland
D G Davis
M E Elliott (resigned 1 July 2008)
B K Morris
L B O'Bryan
D A Pritchard
E M Proust
G T Ricketts
P A Wilson (Managing Director, resigned 2 July 2008)

Principal activities

The principal activities of the Spotless Group of companies during the reporting period were the provision of an extensive range of services and products to business, industry, healthcare, education, resources, government and leisure activities in Australia and New Zealand and to garment-based retailers and manufacturers throughout the world.

Results

The consolidated profit of the Spotless Group for the half year ended was \$17.4 million (2007: \$13.0 million) after income tax and minority interests.

Review of operations

Please refer to the attached commentary on the review of operations.

Subsequent events

Subsequent to 31 December 2008 the consolidated entity has entered into a syndicated debt facility to restructure its three existing bilateral debt facilities, totalling A\$240 million, into a single syndicated unsecured facility of A\$240 million maturing in February 2012. Effective from the agreement date, this new facility will result in the reclassification of A\$107.2 million that were recorded as current borrowings at 31 December 2008 into non-current borrowings.

There has not been any other matter or circumstance since 31 December 2008 that has significantly or may significantly affect the operations, results of those operations or the state of affairs of the entity or consolidated entity in future financial years.

Rounding of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998 and in accordance with the Class order amounts in the Directors' report and financial report are rounded off to the nearest hundred thousand dollars unless otherwise stated.

Auditor's independence declaration

A copy of the Auditor's declaration made pursuant to s.307C of the *Corporations Act 2001* in relation to the review for the half year is contained on page 13 of this report.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



P J Smedley
Chairman

Sydney, 18 February 2009



J Farnik
Managing Director

Sydney, 18 February 2009

SPOTLESS GROUP LIMITED
and controlled entities
Condensed Consolidated Income Statement
for the half year ended 31 December 2008

	Consolidated	
	Half year ended 31 Dec 2008 \$m	Half year ended 31 Dec 2007 \$m
Revenue attributable to continuing operations	1,183.6	1,200.9
Other income attributable to continuing operations	6.0	1.8
	1,189.6	1,202.7
Direct employee expenses	(426.1)	(427.7)
Subcontractor expenses	(266.7)	(285.5)
Raw materials, consumables and finished goods used	(153.5)	(152.0)
Cost of goods used in the rendering of services	(125.2)	(125.1)
Impairment of available-for-sale financial assets	(4.4)	-
Occupancy costs	(35.2)	(37.1)
Professional costs	(8.5)	(15.6)
Transportation costs	(24.3)	(24.1)
Catering rights	(26.4)	(24.2)
Other expenses	(49.4)	(51.9)
Profit before depreciation, amortisation, finance costs and income tax expense (EBITDA)	69.9	59.5
Depreciation and amortisation expense	(28.2)	(30.9)
Profit before finance costs and income tax expense (EBIT)	41.7	28.6
Finance costs - interest expense	(13.8)	(11.7)
Finance costs - interest revenue	0.8	2.6
Profit before income tax expense	28.7	19.5
Income tax expense	(10.8)	(6.2)
Profit for the half year	17.9	13.3
Attributable to:		
Equity holders of the parent	17.4	13.0
Minority interest	0.5	0.3
	17.9	13.3
Earnings per share	Cents per share	Cents per share
Basic and diluted earnings per share	8.0	6.0
Basic and diluted earnings per share from continuing operations	8.0	6.0

The Condensed Consolidated Income Statement should be read in conjunction with the accompanying notes.

SPOTLESS GROUP LIMITED
and controlled entities
Condensed Consolidated Balance Sheet
as at 31 December 2008

	Consolidated		
	As at 31 Dec 2008 \$m	As at 30 Jun 2008 \$m	As at 31 Dec 2007 \$m
Current assets			
Cash and cash equivalents	56.6	46.6	43.1
Current tax assets	2.9	1.7	3.4
Trade and other receivables	279.3	272.7	263.2
Inventories	68.8	60.0	61.9
Other financial assets	4.4	0.1	0.2
Prepayments	23.3	21.9	13.6
Total current assets	435.3	403.0	385.4
Non-current assets			
Investments accounted for using the equity method	5.6	5.4	6.1
Other financial assets	21.8	28.6	20.4
Property, plant and equipment	161.1	152.2	171.7
Goodwill	387.9	384.7	391.0
Intangible assets	13.5	12.0	7.0
Deferred tax assets	37.9	35.5	31.7
Prepayments	18.6	17.0	17.9
Total non-current assets	646.4	635.4	645.8
Total assets	1,081.7	1,038.4	1,031.2
Current liabilities			
Trade and other payables	273.6	293.9	265.0
Borrowings	111.1	58.3	62.4
Current tax payables	5.9	7.0	2.3
Provisions	64.2	71.5	63.0
Other	1.3	1.5	2.7
Total current liabilities	456.1	432.2	395.4
Non-current liabilities			
Borrowings	228.0	182.1	195.6
Other financial liabilities	7.1	45.9	36.0
Deferred tax liabilities	11.8	12.1	10.9
Provisions	16.9	11.0	19.5
Other	1.3	1.1	2.1
Total non-current liabilities	265.1	252.2	264.1
Total liabilities	721.2	684.4	659.5
Net assets	360.5	354.0	371.7
Equity			
Issued capital	521.2	519.6	515.6
Reserves	(12.6)	(22.5)	(11.5)
Retained profits	(156.2)	(150.7)	(140.9)
Parent entity interest	352.4	346.4	363.2
Minority interest	8.1	7.6	8.5
Total equity	360.5	354.0	371.7

The Condensed Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

SPOTLESS GROUP LIMITED
and controlled entities

Condensed Consolidated Statement of Changes in Equity
for the half year ended 31 December 2008

	Consolidated \$m								
	Attributable to equity holders of the parent						Total	Outside Equity Interests	Total
	Issued Capital	Foreign Currency Translation Reserve	Debt Hedging Reserve	Investment Revaluation Reserve	Share Based Payment Reserve	Retained earnings			
At 30 June 2007	510.1	(16.8)	(2.7)	-	-	(131.2)	359.4	8.8	368.2
Currency translation differences	-	(1.8)	-	-	-	-	(1.8)	(0.3)	(2.1)
Movement in foreign exchange swap	-	-	11.0	-	-	-	11.0	-	11.0
Movement in loan balance	-	-	3.1	-	-	-	3.1	-	3.1
Tax effect of movements	-	-	(4.3)	-	-	-	(4.3)	-	(4.3)
Total income and expense for the half year recognised directly in equity	-	(1.8)	9.8	-	-	-	8.0	(0.3)	7.7
Profit for the half year	-	-	-	-	-	13.0	13.0	0.3	13.3
Total recognised income and expense	-	(1.8)	9.8	-	-	13.0	21.0	-	21.0
Dividends reinvested	5.5	-	-	-	-	-	5.5	-	5.5
Dividends paid	-	-	-	-	-	(22.7)	(22.7)	(0.3)	(23.0)
At 31 December 2007	515.6	(18.6)	7.1	-	-	(140.9)	363.2	8.5	371.7
At 30 June 2008	519.6	(27.5)	7.7	(2.7)	-	(150.7)	346.4	7.6	354.0
Currency translation differences	-	14.2	-	-	-	-	14.2	0.4	14.6
Movement in foreign exchange swap	-	-	38.8	-	-	-	38.8	-	38.8
Movement in loan balance	-	-	(45.0)	-	-	-	(45.0)	-	(45.0)
Loss on available-for-sale financial assets	-	-	-	(1.7)	-	-	(1.7)	-	(1.7)
Tax effect of movements	-	-	1.9	-	-	-	1.9	-	1.9
Total income and expense for the half year recognised directly in equity	-	14.2	(4.3)	(1.7)	-	-	8.2	0.4	8.6
Transfer to profit the impairment of available-for-sale financial assets	-	-	-	4.4	-	-	4.4	-	4.4
Profit for the half year	-	-	-	-	-	17.4	17.4	0.5	17.9
Total recognised income and expense	-	14.2	(4.3)	2.7	-	17.4	30.0	0.9	30.9
Dividends reinvested	1.6	-	-	-	-	-	1.6	-	1.6
Dividends paid	-	-	-	-	-	(22.9)	(22.9)	(0.4)	(23.3)
Recognition of share based payment expense	-	-	-	-	0.6	-	0.6	-	0.6
Re-purchase of shares	-	-	-	-	(3.8)	-	(3.8)	-	(3.8)
Tax effect of movements	-	-	-	-	0.5	-	0.5	-	0.5
At 31 December 2008	521.2	(13.3)	3.4	-	(2.7)	(156.2)	352.4	8.1	360.5

Total number of fully paid ordinary shares on issue at 31 December 2008 were 218,809,507 (30 June 2008: 218,351,848)

SPOTLESS GROUP LIMITED
and controlled entities
Condensed Consolidated Cash Flow Statement
for the half year ended 31 December 2008

	Consolidated	
	Half year ended 31 Dec 2008 \$m	Half year ended 31 Dec 2007 \$m
Cash flows from operating activities		
Receipts from customers	1,288.8	1,334.1
Payments to suppliers and employees	(1,247.9)	(1,281.2)
Interest received	0.7	0.6
Other receipts	3.7	1.1
Interest and other costs of finance paid	(12.7)	(11.3)
Income tax paid	(12.1)	(10.3)
Net cash provided by operating activities	20.5	33.0
Cash flows from investing activities		
Payment for property, plant and equipment	(27.1)	(30.0)
Payment for option on property	(1.3)	-
Proceeds from sale of property, plant and equipment	2.4	1.0
Payment for business	-	(16.4)
Payment for joint venture	-	(5.7)
Payment for intangible assets	(1.8)	-
Proceeds from repayment of Security Plan Loans	1.5	16.1
Net proceeds from repayment of loans	-	0.2
Net cash used in investing activities	(26.3)	(34.8)
Cash flows from financing activities		
Payment for share scheme	(3.8)	-
Proceeds from borrowings	404.0	400.8
Repayment of borrowings	(363.4)	(402.7)
Dividends paid		
- members of the parent entity	(21.3)	(17.2)
- outside equity interests	(0.4)	(0.3)
Net cash provided by/(used in) financing activities	15.1	(19.4)
Net increase/(decrease) in cash and cash equivalents	9.3	(21.2)
Cash and cash equivalents at the beginning of the half year	35.4	64.8
Effects of exchange rate changes on the balance of cash held in foreign currencies	11.9	(0.5)
Cash and cash equivalents at the end of the half year	56.6	43.1

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

SPOTLESS GROUP LIMITED
and controlled entities

Notes to the Financial Statements
for the half year ended 31 December 2008

1. Statement of Compliance

This general purpose condensed financial report for the half year ended 31 December 2008 has been prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The half year financial report does not include all notes of the type normally included within the annual report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by the consolidated entity during the half year ended 31 December 2008 in accordance with the continuous disclosure obligations of the ASX listing rules.

2. Basis of Preparation

The condensed financial statements have been prepared on a historical cost basis, except for financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the half year financial report are rounded to the nearest hundred thousand dollars, unless otherwise indicated.

Apart from changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report for the financial year ended 30 June 2008.

Changes in Accounting Policy

From 1 July 2008 the consolidated entity has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2008. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the consolidated entity.

- AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments and Erratum: Proportionate Consolidation'
- AASB 2007-7 'Amendments to Australian Accounting Standards'
- AASB 2008-10 'Amendments to Australian Accounting Standards - Reclassification of Financial Instruments'
- Interpretation 12 Service Concession Arrangements,
- Interpretation 4 'Determining whether an Arrangement contains a Lease (revised)'
- Interpretation 129 'Service Concession Arrangements: Disclosure (revised)'
- AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'

The consolidated entity has not elected to early adopt any new standards or amendments.

SPOTLESS GROUP LIMITED
and controlled entities

Notes to the Financial Statements
for the half year ended 31 December 2008

3. Segment Information

The consolidated entity's reportable segments under AASB 8 are as follows:

	External Sales Revenue		Segment Result	
	Half year ended		Half year ended	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
	\$m	\$m	\$m	\$m
Operating Segments				
Cleaning Services	124.4	123.5	7.6	4.4
Food Services	282.7	267.1	15.0	12.1
Laundry Services	113.4	112.2	13.7	13.1
Managed Services	492.6	517.5	14.9	11.8
	1,013.1	1,020.3	51.2	41.4
Braiform	167.5	178.7	0.9	7.8
Total Operating Segments	1,180.6	1,199.0	52.1	49.2
Unallocated corporate administration			(6.0)	(4.8)
EBIT prior to non-recurring items			46.1	44.4
Impairment of available-for-sale investments			(4.4)	-
Legal disputes			-	(0.3)
Restructuring costs			-	(15.5)
Total non-recurring items			(4.4)	(15.8)
Profit before finance costs and income tax expense (EBIT)			41.7	28.6
Net finance costs			(13.0)	(9.1)
Profit before income tax expense			28.7	19.5
Income tax expense			(10.8)	(6.2)
	1,180.6	1,199.0	17.9	13.3

Inter-segment transactions are immaterial.

Cleaning Services: Covers a wide range of critical sectors including hospitals, schools and airports.

Food Services: Offers food services to a diverse range of customers including sport stadiums, function centres, airports and business and education institutions.

Laundry Services: Wash and supply workwear for large supermarket chains, food manufacturing and general industry customers. Specialise in linen and laundry for the healthcare sector, including sterilised linen and surgical packs.

Managed Services: Provides customers facilities management, asset maintenance and related outsourced services. Supports a variety of vital sectors such as defence, education, health, industry and mining.

Braiform: Manages the supply of garment hanger and apparel packaging products, servicing clients globally. The division also manufactures certain moulded products, including clothes hangers and bathroom products.

The accounting policies of the reportable segments are the same as the consolidated entity's accounting policies.

Segment result represents the profit earned by each segment without allocation of corporate administration costs, gains on disposal of businesses, legal dispute costs, transaction costs, non-recurring items, finance costs and income tax expense.

For the half-year ended 31 December 2008, total assets in the Braiform operating segment were \$149.7 million (30 June 2008: \$130.6 million). There has been no other material change in segment assets for the half-year ended 31 December 2008.

SPOTLESS GROUP LIMITED
and controlled entities

Notes to the Financial Statements
for the half year ended 31 December 2008

4. Revenue from Operations

	Half year ended	
	31 Dec 2008	31 Dec 2007
	\$m	\$m
Revenue from operating activities		
Sales revenue	1,180.6	1,199.0
Royalties	2.7	1.9
Dividends	0.3	-
Other income	6.0	1.8
	1,189.6	1,202.7

5. Net Finance Costs

Interest expense	13.3	11.5
Costs of borrowing	0.5	0.2
	13.8	11.7
Interest revenue		
Third party entities	0.5	0.6
Security Plan Loans	0.3	2.0
	0.8	2.6
Net Finance Costs	13.0	9.1

6. Dividends

Fully Paid Ordinary Shares

Recognised or paid amounts

	Half year ended 31 Dec 2008		Half year ended 31 Dec 2007	
	Cents per share	Total \$m	Cents per share	Total \$m
2008 Final dividend - 60% franked	10.5	22.9	-	-
2007 Final dividend - 47% franked	-	-	10.5	22.7

Fully Paid Ordinary Shares

Unrecognised and declared amounts

2009 Interim dividend - 100% franked	5.0	10.9	-	-
2008 Interim dividend - 40% franked	-	-	10.5	22.8

7. Changes in the composition of the consolidated entity

Since the last annual reporting date, there have been no significant changes in the composition of the consolidated entity.

SPOTLESS GROUP LIMITED
and controlled entities

Notes to the Financial Statements
for the half year ended 31 December 2008

8. Commitments and Contingencies

The only changes to the commitments and contingencies disclosed in the most recent annual financial report are specified below.

Legal claims

- a) In February 2004 the company announced that litigation had commenced against Spotless Group member entities in respect of contamination of two sites in Barkly Street Brunswick, formerly leased by a Spotless Group entity but vacated many years ago. Notes have appeared in the Spotless Group Limited Financial Statements in 2004 and subsequent years.

Hearing of the claims has proceeded before the Victorian Supreme Court over the past years. On 5 October 2007 the Court determined that all claims against the Spotless Group failed, other than a limited claim for statutory compensation amounting to between \$3 million and \$4 million. The final amount will be determined after independent assessment and further submissions to the Court. Spotless is currently in the process of appealing this judgement.

- b) Two entities in the consolidated entity, have been charged under the Occupational Safety and Health Act 1984 (WA), in relation to two deaths and serious harm caused to seven persons during Cyclone George in March 2007. The charges have been made by WorkSafe WA, which has also brought charges against six other companies, who are not part of the consolidated entity. The matter has been adjourned to 17 February 2009 for a trial allocation date. Spotless has also sought further particulars of charge from the prosecution. It is too early in the proceedings to determine whether a liability or a contingent liability exists for the consolidated entity.
- c) Following an industrial dispute in July 2007, the consolidated entity in New Zealand received a claim for unpaid wages from the union representing the affected employees. The consolidated entity successfully defended this claim in the Employment Court, however the Union has appealed the decision.

9. Subsequent Events

Subsequent to 31 December 2008 the consolidated entity has entered into a syndicated debt facility to restructure its three existing bilateral debt facilities, totalling A\$240 million, into a single syndicated unsecured facility of A\$240 million maturing in February 2012. Effective from the agreement date, this new facility will result in the reclassification of A\$107.2 million that were recorded as current borrowings at 31 December 2008 into non-current borrowings.

There has not been any other matter or circumstance since 31 December 2008 that has significantly or may significantly affect the operations, results of those operations or the state of affairs of the entity or consolidated entity in future financial years.

10. Issuances, repurchases and repayments of securities

During the half year reporting period, Spotless Group Limited issued 457,659 ordinary shares for \$1.6 million (2007: 1,270,728 ordinary shares for \$5.5 million) under its Dividend Reinvestment Plan and no shares under the Spotless Group Securities Plan (2007: Nil). The Securities Plan is now closed.

SPOTLESS GROUP LIMITED
and controlled entities

Directors' Declaration
for the half year ended 31 December 2008

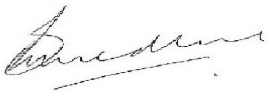
The Directors declare that;

(a) in the directors opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* ("the Act"), including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(b) in the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the Act.

On behalf of the Directors



P J Smedley
Chairman

Sydney, 18 February 2009



J Farnik
Managing Director

Sydney, 18 February 2009

The Board of Directors
Spotless Group Limited
Level 3, 350 Queen Street
MELBOURNE VIC 3000

18 February 2009

Dear Board Members

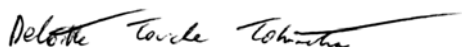
Spotless Group Limited

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

As lead audit partner for the review of the financial statements of Spotless Group Limited for the financial half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Ian Sanders
Partner
Chartered Accountants

Independent Auditor's Review Report to the members of Spotless Group Limited

We have reviewed the accompanying half-year financial report of Spotless Group Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 4 to 12.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Spotless Group Limited's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Spotless Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

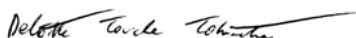
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Ian Sanders
Partner
Chartered Accountants
Melbourne, 18 February 2009

Member of
Deloitte Touche Tohmatsu