

WOOLWORTHS LIMITED

A.B.N 88 000 014 675

8 September 2004

The Manager, Companies
Australian Stock Exchange Limited
Company Announcements Office
Exchange Centre
Level 6
20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

RE: BRUANDWO PTY LIMITED TAKEOVER OFFER FOR ALH

Please find attached announcement.

For and on Behalf of
BRUANDWO PTY LIMITED

A handwritten signature in black ink, appearing to read 'Rohan Jeffs', with a circular mark below it.

Rohan Jeffs
Company Secretary

**ALH FAILS TO ADDRESS ISSUES RAISED BY BRUANDWO ON QUEENSLAND
SMOKING BANS**
**BRUANDWO REQUESTS THAT ALH ADVISE OF THE IMPACT OF SMOKING
BANS IN QUEENSLAND AND ALSO NEW SOUTH WALES**

Bruandwo yesterday wrote to ALH asking it to advise of the impact ALH expects proposed smoking bans in Queensland will have on its performance, profitability or prospects.

ALH's subsequent announcement fails to address Bruandwo's question. Our concerns have again been magnified by today's report on page 2 of the *Daily Telegraph* quoting NSW Premier, Bob Carr that an announcement will shortly be made regarding a ban on smoking in NSW pubs and clubs. The report states that the New South Wales government is proposing that the time frame for smoking bans be expedited and that the bans will take a harder line on smoking than had been anticipated by the clubs and pubs industry, with a rejection of proposals for enclosed smoking areas.

ALH yesterday failed to comment on the effect of the smoking bans on the level of ALH's maintainable earnings assumed by KPMG (which appears to be based largely on ALH's 2005 forecasts).

In particular:

- **ALH refers to the impact on its FY05 forecasts, however the proposed bans will apply after FY05** – ALH has not said what the impact will be on its performance, profitability or prospects in the years affected by the bans.
- **ALH refers to disclosures in its Target's Statement and the KPMG report, however these documents do not refer to the extent of the proposed bans** - Queensland Premier, Peter Beattie, has announced that Queensland proposes to introduce the nation's toughest smoking bans. Neither the ALH Target Statement nor the KPMG report discloses whether restrictions of this nature are expected to have a material impact on ALH's performance, profitability or prospects.
- **ALH refers to its experience in Victoria and South Australia however ALH failed to properly estimate the impact of Victorian smoking bans in its prospectus** – ALH management have admitted that the impact in Victoria was worse than they anticipated in the IPO prospectus forecasts. The proposed Queensland bans will be more restrictive than those that currently apply in Victoria and South Australia. The Queensland bans will apply in all hotel indoor areas as well as in outdoor areas where food or beverages are served. The Victorian restrictions to date apply to food and gaming areas. South Australian restrictions in gaming areas have not yet commenced, but will be phased in from October this year.

- **ALH says that it does not expect the impact in Queensland to be as significant as it was in Victoria but what does that mean?** – ALH does not say whether this means that the proposed Queensland restrictions are or are not expected to have a material impact. In any event, Bruandwo finds this comment difficult to comprehend given the extent of the proposed changes in Queensland.

Bruandwo again asks ALH to advise of the impact ALH expects proposed smoking bans in Queensland will have on its performance, profitability or prospects. The impact needs to be spelt out in dollar terms (or at the very least, as a range) in order for Bruandwo and other ALH shareholders to assess the materiality of the proposed bans.

ALH should also advise its shareholders of the impact of potential smoking bans in New South Wales.