



**NOTICE OF EXTRAORDINARY GENERAL MEETING  
WEDNESDAY 21 APRIL 2010  
LUDOWICI LIMITED "A" CLASS 5% PREFERENCE SHARES**

An extraordinary general meeting of Ludowici Limited (ACN 22 000 001365) will be held at 3.00pm on Wednesday 21 April, 2010 at the Head Office of Ludowici Limited, 67 Randle Road, Pinkenba, QLD.

**SPECIAL BUSINESS**

**1. Conversion of "A" Class preference Shares**

To consider and if thought fit pass the following resolution as a special resolution of the "A" Class 5% Preference Shareholders of the Company in accordance with Company's Constitution:

"That the Company convert all of the issued "A" Class Preference Shares into Ordinary Shares by varying the rights attached to and the terms of the issued "A" Class Preference Shares accordingly."

For the purposes of this Resolution:

**"A" Class Preference Shares** means the 50,000 preference shares in the capital of the Company with the ASX code "LDWPA".

**Ordinary Shares** means ordinary shares in the capital of the Company.

**EXPLANATORY MEMORANDUM**

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

**ENTITLEMENT TO VOTE**

Under Regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that for the purposes of the meeting all holders of "A" class preference shares in the Company will be taken to be held by the persons who held them as registered Shareholders at 7.00 p.m. on 19 April 2010.

**PROXIES**

Please note that:

- A member who is entitled to attend and cast a vote at the meeting may appoint a person as the member's proxy to attend and vote for the member at the meeting;
- The person appointed as the member's proxy may be an individual or a body corporate;
- The appointment may specify the proportion or number of votes that the proxy may exercise;
- A member who is entitled to cast 2 or more votes at the meeting may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise;
- If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes;
- Where 2 proxies are appointed, any fractions of votes resulting from the appointment of 2 proxies will be disregarded;
- A proxy need not be a member of the Company; and
- A proxy form accompanies this notice of meeting.

Unless the member specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit or abstain from voting.

If you wish to appoint a proxy, you should complete the attached "Proxy Form" and comply with the instructions set out in that form relating to lodgement of the form with the Company.

The Proxy Form must be signed by the member or his or her attorney duly authorised in writing or, if the member is a corporation, either under the seal of the corporation in accordance with its Constitution (or under the hand of an attorney duly authorised in writing) or otherwise signed in accordance with the Corporations Act 2001.

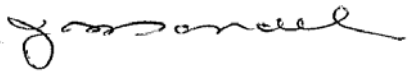
If any attorney or authorised officer signs the Proxy Form on behalf of a member, the relevant power of attorney or other authority under which it is signed or a certified copy of that power of authority must be deposited with the Proxy Form.

The Proxy Form (together with any relevant authority) must be received NOT LATER THAN 3.00pm on Monday 19 April 2010 by delivery to the following address or facsimile number:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Fax: (within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

By Order of the Board

A handwritten signature in black ink, appearing to read 'Jim MacDonald', written in a cursive style.

Jim MacDonald  
Company Secretary  
Ludowici Limited  
19 March 2010

## EXPLANATORY MEMORANDUM – SPECIAL BUSINESS

### 1. Resolution 1 - Conversion of "A" Class Preference Shares

#### 1.1 Background

The Company issued 50,000 "A" Class Preference Shares in 1950 and 50,000 "B" Class Preference Shares in 1952.

The Company proposes to convert the issued "A" Class Preference Shares and "B" Class Preference Shares into ordinary shares in the capital of the Company.

#### 1.2 Reasons for the Conversion

The Company proposes the conversion of the issued "A" Class Preference Shares and "B" Class Preference Shares because:

- (a) it would simplify the Company's capital structure;
- (b) there has been limited trading in these securities (as at the date of the preparation of this notice of meeting, four trades in the last three years); and
- (c) reduce the administrative costs associated with the additional classes of shares.

#### 1.3 Capital Structure

The capital structure of the Company as at the date of preparation of this Explanatory Statement is:

Share Class	Number
Ordinary Shares	24,205,033
"A" Class Preference Shares	50,000
"B" Class Preference Shares	50,000
<b>Total Shares</b>	<b>24,305,033</b>

The effect on the capital structure of the Company as a result of the conversion is that the Company would have 24,305,033 ordinary shares on issue.

#### 1.4 Terms of "A" Class Preference Shares, "B" Class Preference Shares and Ordinary Shares

##### "A" Class Preference Share terms

A summary of the terms of the "A" Class Preference Shares are set out below.

**(General Meetings)** The "A" Class Preference Shares confer on the holder (**Holder**) the right to receive notices of general meeting and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of the Company.

**(Voting Rights)** The "A" Class Preference Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company other than (i) on a proposal to reduce the Company's share capital, (ii) on a proposal to wind-up the Company, (iii) on a proposal for the sale of the undertaking of the Company, (iv) on a proposal that affects the rights attached to the shares, or (v) during a period during which the dividend in respect of the shares is in arrears more than six months, in which case each preference share carries one vote for each 25 cents of the \$1.00 paid up on the share.

**(Dividend Rights)** The "A" Class Preference Shares confer on the Holder the right to a fixed cumulative preferential dividend of 5% per annum.

**(Rights on Winding Up)** The "A" Class Preference Shares confer the right on the Holder on a winding up of the Company to be paid the paid up capital on the shares and all arrears of dividends, ranking in priority to the "B" Class Preference Shares and Ordinary Shares. The "A" Class Preference Shares do not confer on the Holder any right to participate in the surplus profits or assets of the Company upon winding up of the Company.

#### "B" Class Preference Share terms

A summary of the terms of the "B" Class Preference Shares are set out below.

**(General Meetings)** The "B" Class Preference Shares confer on the holder (**Holder**) the right to receive notices of general meeting and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of the Company.

**(Voting Rights)** The "B" Class Preference Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company other than (i) on a proposal to reduce the Company's share capital, (ii) on a proposal to wind-up the Company, (iii) on a proposal for the sale of the undertaking of the Company, (iv) on a proposal that affects the rights attached to the shares, or (v) during a period during which the dividend in respect of the shares is in arrears more than six months, in which case each preference share carries one vote for each 25 cents of the \$1.00 paid up on the share.

**(Dividend Rights)** The "B" Class Preference Shares confer on the Holder the right to a fixed cumulative preferential dividend of 6% per annum.

**(Rights on Winding Up)** The "B" Class Preference Shares confer the right on the Holder on a winding up of the Company to be paid the paid up capital on the shares and all arrears of dividends, ranking after the "A" Class Preference Shares and in priority to Ordinary Shares. The "B" Class Preference Shares do not confer on the Holder any right to participate in the surplus profits or assets of the Company upon winding up of the Company.

#### Rights attaching

The rights attaching to ordinary shares are:

- (a) set out in the Constitution of the Company;
- (b) in certain circumstances, regulated by the Corporations Act, Listing Rules, ASTC Settlement Rules and the general law.

The principal rights attaching to ordinary shares are summarised below. This summary is not intended to be exclusive.

**(General Meetings)** A holder of ordinary shares (**Holder**) is entitled to receive notices of general meeting and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of the Company.

**(Voting Rights)** At a general meeting, every Holder present in person or by proxy, attorney or representative has one vote on a show of hands and one vote on a poll for each fully paid share held (with adjusted voting rights for partly paid shares). If more than one joint holder of a share is present at a general meeting, only the vote of the joint holder named first in the register of Shareholders counts. Voting at any meeting of shareholders is by a show of hands unless a poll is demanded. A poll may be demanded by at least 5 shareholders entitled to vote on the resolution, shareholders with at least 5% of the votes that may be cast on the resolution on the poll, or the chairperson. If votes are equal on a proposed resolution, the chairperson has a casting vote on a show of hands or on a poll.

**(Dividend Rights)** The Company may from time to time pay dividends to Holders out of the profits of the Company. The directors of the Company may fix the amount and method of payment of the dividends. The payment of a dividend does not require any confirmation by a general meeting.

Subject to any special rights attaching to shares with special dividend rights, all dividends must be paid equally on all ordinary shares and in proportion to the number of, and the amounts paid on, the shares.

**(Rights on Winding Up)** Subject to the Constitution and any special resolution or preferential rights attaching to any class or classes of shares, Holders will be entitled on a winding up of the Company to participate in any surplus assets of the Company in proportion to the number of, and amounts paid on, shares held by them.

## 1.5 Variation to terms of "A" Class Preference Shares and "B" Class Preference Shares

The Company's Constitution provides that the Company may by ordinary resolution convert shares from one class to another, subject to the Corporations Act, the Constitution and the terms of issue of a class of shares.

The conversion of the "A" Class Preference Shares and "B" Class Preference Shares into Ordinary Shares will involve a variation of the rights of the "A" Class Preference Shares and "B" Class Preference Shares.

The Company's Constitution provides that the rights attached to a class of shares can be varied:

- (a) by a special resolution passed at a separate meeting of the holders of shares of that class; or
- (b) with the written consent of Shareholders who are entitled to at least 75% of the votes that may be cast in respect of shares in that class.

A general meeting of the Company and a meeting of the "B" Class Preference Shares will occur on the same day as the meeting of the "A" Class Preference Shares.

The Company is seeking approval from Shareholders for the conversion of all of the issued "A" Class Preference Shares and "B" Class Preference Shares into Ordinary Shares, by varying the rights attached to and the terms of the issued "A" Class Preference Shares and "B" Class Preference Shares accordingly.

## 1.6 Taxation

Shareholders should obtain independent advice of possible tax consequences of the proposed conversion.

## 1.7 Other material information

### Share Price Information

The highest and lowest market sale prices and the volume weighted average prices of Ordinary Shares during each of the preceding three months were as follows:

Month	High \$	Low \$	Volume weighted average price \$
February 2010	\$2.73 As at 26/02/10	\$2.56 As at 09/02/10	\$2.6550
January 2010	\$2.90 As at 26/01/10	\$2.75 As at 29/01/10	\$2.7980
December 2009	\$3.20 As at 22/12/09	\$2.30 As at 01/12/09	\$2.7513

Source: Computershare Investment Services

### Effect on control

Having regard to the Company's current Shareholder spread, and assuming that this is maintained, the proposed conversion is not expected to have any material change of control implications for the Company.

### Dividend policy

The conversion of the "A" Class Preference Shares and "B" Class Preference Shares into Ordinary Shares will result in a change from a fixed 5% or 6% dividend, respectively, to a dividend determined by the Directors of the Company (including in respect of the amount and method of payment). Refer to section 1.4 of this Explanatory Memorandum for a further explanation of the dividend rights of each of the "A" Class Preference Shares, the "B" Class Preference Shares and the Ordinary Shares.

For illustrative purposes only, the Directors of the Company have declared the following dividends on the Ordinary Shares:

Date	Dividend amount \$	Franking credit \$
February 2010	6 cents	Nil
August 2009	6 cents	Nil
February 2009	2 cents	Nil
August 2008	6 cents	Nil
February 2008	8 cents	100%

Source: Ludowici Limited website

Past dividends are not an indicator of future dividend payments because dividends can only be paid out of profits. The Company does not guarantee dividends on the Ordinary Shares. The future dividends declared on an Ordinary Share are subject to the future performance of the Company.

#### Proposed Timetable

The indicative timetable for the proposed conversion of the "A" Class Preference Shares and "B" Class Preference Shares into Ordinary Shares is:

Event	Date
Meetings of Shareholders	21 April 2010
Written notice given to all holders of "A" Class Preference Shares and "B" Class Preference Shares that the conversion into Ordinary Shares has been approved on a 1 for 1 basis	28 April 2010
Record date for conversion of the "A" Class Preference Shares and "B" Class Preference Shares into Ordinary Shares	22 May 2010
The Company proposes that conversion takes effect	26 May 2010

#### Voluntary Suspension

If the resolutions to convert the "A" Class Preference Shares and the "B" Class Preference Shares are approved at the general meeting of the Company and the relevant meeting of the "B" Class Preference Shares and the "A" Class Preference Shares, the Company intends to apply to the Australian Securities Exchange for a voluntary suspension in the trading of the "A" Class Preference Shares and the "B" Class Preference Shares. The Company intends to apply for a suspension that will end on the date of conversion of the "A" Class Preference Shares and the "B" Class Preference Shares.

#### Directors' interests

Set out below is a table which indicates the "A" Class Preference Shares and "B" Class Preference Shares held by the directors of the Company as at the date of preparation of this Explanatory Statement and the number of Ordinary Shares they would receive if Resolution 1 is passed and assuming the directors of the Company convert all their "A" Class Preference Shares and "B" Class Preference Shares under the proposed conversion:

Director	Number of "A" Class Preference Shares	Number of "B" Class Preference Shares	Number of Ordinary Shares
Mr Julian Ludowici*	9,900	10,350	20,250

\*Note: JBBM Pty Limited, a company of which Mr Ludowici is a Director holds 19,800 shares of these shares with the remaining 450 shares held by Mr Ludowici directly.

1.8 **Directors recommendation**

The Directors, other than Mr Ludowici, recommend that shareholders vote in favour of Resolution 1. Mr Ludowici, as holder of both "A" Class Preference Shares and "B" Class Preference Shares, has refrained from making a recommendation.

The Chairman intends to vote undirected proxies in favour of the resolution.