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21 April, 2010

Company Announcements
Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

CHAIRMAN AND MANAGING DIRECTOR'S ADDRESSES TO SHAREHOLDERS

Attached are the Chairman's and Managing Director's addresses to be delivered to the AGM of Ludowici Limited today 21 April, 2010 commencing at 3.30pm.

Yours sincerely

Jim MacDonald
Company Secretary

Attachment

21 April, 2010

Dear Shareholder

Here follows my address and the Managing Director's address for delivery at today's Annual General Meeting.

Chairman's Address 2010 AGM
Ludowici Ltd

I am pleased to report that Ludowici delivered a strong operating performance in 2009 with both revenues and operating profit rising to record levels. As has been previously flagged, your Company has devoted a significant amount of effort over the past two years to improving operating performance and it is gratifying to see these results bear fruit.

As has been outlined in the Annual Report, Underlying Earnings per share for 2009 were 34.7 cents which is nearly 50% higher than the previous record. The Board and Management of Ludowici focuses on the Company's Underlying Earnings as the measure which demonstrates the real operating health of the Company as it strips out the impact of non- operating one-off effects which can distort results, either positively or negatively. The actual definition of what is included and excluded in determining Underlying Earnings can be found in the Annual Report but it typically excludes all one-off items.

The Company's Net Profit attributable to share holders was $1.9m with the major differences between this figure and the Underlying Net Profit being the $3.5m asset write down associated with selling the New Zealand Packaging business and the A$1.6 million transaction costs for the acquisition of the Johnsons Screens Mining business.

The reduction of debt was an area of focus in 2009 and this resulted in net debt reducing by over 10% or $4.4m over the year.

It seems we are in the early stages of a strong growth cycle for commodities. Output and commodity prices are on the increase and this directly translates to business opportunity for our Company. The first quarter of 2010 has commenced strongly with results ahead of the Company's internal budget. For the coming year, we expect sales of mineral processing consumables to remain strong driven by higher tonnages processed. The order book for capital equipment is very strong for the first half of the year driven by a large extent by new projects across all regions. Whilst the level of capital equipment orders for the second half of 2010 is not yet clear, it is encouraging that the level of quoting activity remains robust.

Two significant strategic portfolio initiatives occurred in 2009, namely the sale of the New Zealand Packaging business and the acquisition of the Johnsons Screens Mining business.

In July 2009 the company sold the New Zealand Packaging business. The sale of this business was flagged a number of years ago. The New Zealand Packaging business was the last significant “non core” entity in Ludowici’s portfolio and its sale positions the company to pursue growth in the target mineral processing industry without the distraction of significant non core activities.

The more significant strategic initiative was the acquisition of the global Johnson Screens Mining businesses (excluding Africa) in December 2009. These businesses sell a range of consumable products to the global mineral processing industry and complement our position as a predominantly capital equipment supplier to that segment in the Americas and India. The largest acquired business is in Australia and this will add significant scale to Ludowici’s existing operations in Australia. The total cost of the acquisition (including working capital) was approximately A$31 million. This acquisition was completed on 31 December 2009 and is expected to increase Ludowici’s sales by about 30% in 2010. Over the first quarter of 2010 the integration of the new businesses has been a major focus for the company and is progressing to plan.

Both these strategic initiatives are discussed in more detail in the Managing Director’s address.

With respect to the impact on the balance sheet of the Johnson Screens acquisition, the full effect will only be reflected in the June 2010 balance sheet as all aspects of the transaction and funding will be complete by then. The funding for the acquisition was a mix of four different sources and settled in two tranches, namely at the end of December 2009 and in March 2010. It consisted of:

- A direct issue of 2.5 million shares to Johnsons Screens at $3.00 per share. The initial 0.9 million shares were issued in December with the balance issued in March 2010
- Three million shares were placed in an Institutional Placement of 1.65 million settled in December 2009 and the balance in March 2010, both at a price of $2.65
- A Share Purchase Plan was conducted for existing Ludowici shareholders and just over 500,000 shares issued under this SPP. All applications received on time for this SPP were filled in full at a share price of $2.65 which was the same as the institutional placement.
- The balance of the funding required for the purchase of this acquisition was provided by increased debt facilities negotiated with our bankers

Notwithstanding the fact that the Johnson Screens acquisition was partially funded by the issue of six million new Ludowici shares my current expectation is that this acquisition will be earnings per share (EPS) accretive in 2010.

The acquisition of the Johnsons Screens Mining business resulted in Ludowici acquiring an excellent new business with approximately 160 new employees as well as a number of new shareholders. And of course we welcome both new staff and shareholders to Ludowici.

As previously advised, the final dividend for 2009 is 6 cents per share and is unfranked. The global nature of our business provides a challenge to deliver fully franked dividends however we look forward to providing at least partially franked dividends as soon as sufficient franking credits are accumulated. Your Board has decided to underwrite the

Dividend Investment Plan for this dividend as this will provide some additional funding for future “bolt on” acquisition opportunities that may become available during the year.

It would appear likely that global mining markets will be strong throughout 2010 which will form a positive environment for Ludowici. Overall we are confident that Ludowici will have a strong year, possibly tempered by the timing of major project approvals which may affect the capital sales during the second half of the year. The strengthening of our regional bases through the Johnsons acquisition will help underwrite a good year and beyond.

In late 2009 we were delighted that Guy Cowan agreed to join the Ludowici Board. Guy’s skill and experience set complements the Ludowici Board, in particular Guy’s experience in senior financial roles in major multinational corporations and his international exposure. Guy’s career has included assignments in many different countries around the world and his deep knowledge of Latin America is of great benefit to Ludowici as this is one of the most promising markets for Ludowici. With Guy’s addition to the Board, I believe that we have a well rounded Board with significant international experience and an understanding of our businesses as well as complementary functional and management experience.

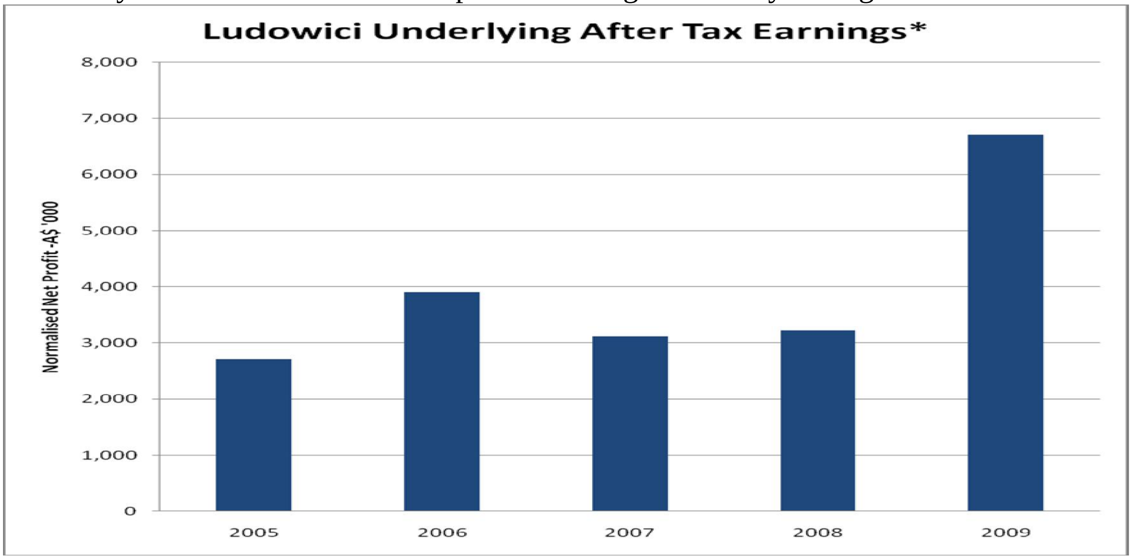
The Board would like to record our appreciation of the efforts of our CEO Patrick Largier and indeed all employees of Ludowici for their efforts and success in driving improvements in the company in 2009. We are encouraged by the significant improvement in the performance of Ludowici as well as the success to date in integrating the recently acquired businesses and believe that the company is well positioned to deliver further improved performance.

Managing Director's Address 2010 AGM – Ludowici Ltd

Good afternoon Ladies and Gentlemen

Today I would like to give you some additional insight into how Ludowici performed last year, the strategic initiatives that were undertaken and update shareholders on progress and activities for 2010.

As indicated in the Chairman's address we were pleased with Ludowici's improved operational performance in 2009. The following chart shows the after tax underlying operating earnings of the business over the past five years. As indicated at last year's AGM I use this measure to gauge the health of the business as it removes distortions created by one off items such as the profit or loss generated by selling assets.



*** Excludes impairment items, one off costs for Pinkenba relocation (2008), insurance claim proceeds, profit/loss from sale of discontinued operations and surplus property, intercompany loan foreign exchange gain/loss and one off transaction cost associated with acquisition of JS Mining businesses. Capitalised R&D costs written back**.

The improved Ludowici profitability in a year in which the economy was buffeted by effects of the global financial turmoil was the culmination of many improvement initiatives throughout the company. I would like to give you an insight into some the activities that have underpinned this improvement and that will hopefully lead to future operational improvement.

In 2009 Ludowici grew revenues by just over 8% in a market where many of our competitors had shrinking revenues. This revenue growth came from a number of sources including a strong order book for capital equipment at the end of 2008, a number of significant orders for capital equipment from China, opening new “hard rock” markets in Arizona in the USA as well as strong USA “spares and repairs” business, good capital equipment sales in Australia and our first major project in Africa. Overall our sales of consumables held up reasonably well through the year even though most of our customers went through periods of significant destocking of inventories of spares and consumable products.

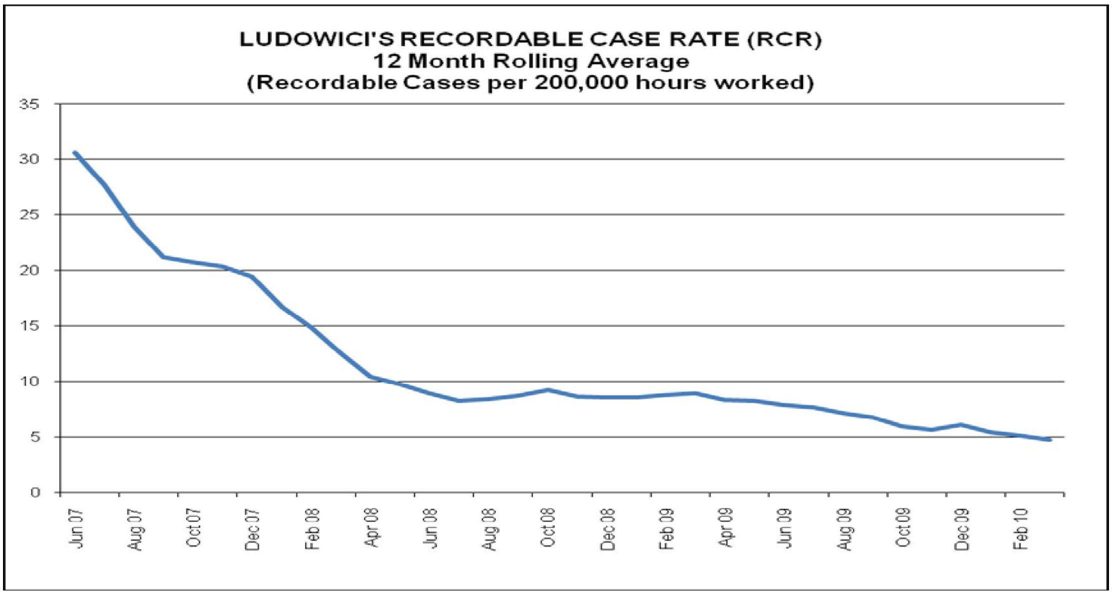
This growth in revenue was also supported by the introduction of new and/or improved products. I would make mention of two products here, namely winning the first orders for the new 2020 Reflux Classifier which I described in some detail at last year’s AGM. The second new product to achieve significant first sales in 2009 was Ludowici’s new sampling system product line. This product line is being championed out of our Latin American business and has already won orders in both North and South America. The development and promotion of this new product line by one of Ludowici’s offshore businesses demonstrates the continuing evolution of the company into in more mature global company.

In early 2009 when the future outlook appeared very challenging, Ludowici businesses around the world undertook a number of cost reduction exercises including reducing global headcount by approximately 10%. Throughout the year we have continued to manage costs tightly and have kept cost increases under the rate of revenue growth. I am grateful to the many Ludowici employees who went without any salary increase in 2009 to ensure that the company remained strong. I am pleased that we were able to pass on salary increases in early 2010 given the improved performance of the company. As Ludowici’s business strengthened during the second half of 2009, we have modestly started to increase headcount to accommodate this growth.

The improved efficiency of Ludowici’s supply chain in 2009 made a significant contribution to the increased profits last year. While there were many projects that drove this result, I would like to mention a few.

- In 2009, Ludowici’s new Pinkenba site in Brisbane was brought up to full capacity delivering improved manufacturing efficiencies which resulted in lower costs and better In Full On Time delivery of our capital equipment. In addition since the middle of 2008 (when we occupied the new Pinkenba facilities) Ludowici has consolidated a number of businesses onto the Pinkenba site and has exited four leased sites which in itself has delivered a significant cost reduction.
- Over the past two years, your company has been implementing a more coordinated and professional approach to procurement. This approach, which involves negotiating supply contracts on a company-wide basis, has facilitated a significant reduction in costs of many materials and services used in the manufacture of Ludowici products. The major effect of this initiative was seen in 2009.
- With the consolidation of many different businesses onto one site in Pinkenba and the more integrated operating model that we are using in the company, it became clear that different core operating processes were used in different parts of the company. During 2009 the company undertook a process to review and more clearly defined a set of core operating processes to be used across multiple businesses. This work was done with the support of external consultants and has directly led to greater visibility of the company’s operations and more control over the company’s outputs.

Finally I am of the view that a business that manages safety well has a better chance of delivering improved overall business performance. I am pleased to report that in 2009 Ludowici's safety performance continued to improve. Using the OSHA system of measuring Recordable Cases (a broader definition of a medically treated injury) the attached chart shows good improvement over the past few years.



Aside from the strong improvement in operational earnings, the other area of particular activity for your company in 2009 was the delivery of two strategic initiatives which continued to develop Ludowici as a focused company servicing the mineral processing industry supported by strong ancillary businesses.

The sale of the New Zealand Packaging business previously was flagged at the 2007 AGM and was completed in July 2009. Given the niche nature of this business it proved to be more difficult to find a buyer that would pay an acceptable price than first anticipated. The business was ultimately sold to a New Zealand entrepreneur with interests in the New Zealand paper recycling industry. Given the volatility of earnings from the New Zealand Packaging business the sale of the business included an "earn out" arrangement. This earn out arrangement makes it difficult to calculate the exact price ratio achieved on selling the business. However, based on the average working capital invested in the business over the year, the price achieved was in excess of 5 times EBIT even under the most pessimistic view of future earnings and this would increase if the earn out payments are triggered due to higher future earnings. This price is at the higher end of expectations for a business of this size and nature. Notwithstanding the fact that a good price was achieved, the sale of the business triggered a large asset write-down as Ludowici had invested significant amounts of capital into this business over many years. The net result is that Ludowici booked an after tax loss of $3.5m from discontinued operations in 2009. The land occupied by the New Zealand Packaging business is still owned by Ludowici and is rented to the new owners of the business. It is the company's intention to sell the New Zealand land once some life returns to the New Zealand industrial property market.

The major strategic initiative implemented by Ludowici in 2009 was the acquisition of the Johnsons Screen Mining businesses in Australia, North America, South America and India. These acquired businesses service similar customers to existing Ludowici customers and are complementary to Ludowici's businesses. The acquired business consists entirely of consumable products and will result in Ludowici achieving its strategic target of having more than 50% of sales in ongoing consumable business. The other area of particular attraction of this business for Ludowici is the geographic spread of the acquired businesses which will allow us to grow existing Ludowici businesses while simultaneously achieving significant cost synergies. The individual strengths of this acquisition in each region are:

- Australia: The acquired business brings a number of new product lines (such as woven wire and polyurethane woven wire combinations) and much greater exposure to the sand and aggregate markets. There should be opportunities to both cross sell between these businesses and to deliver cost synergies as the new business is integrated. With this purchase we also acquired a valuable 1.8 hectare site at Warners Bay near Newcastle in New South Wales.

- South America: Ludowici has historically been a supplier of capital equipment to the Latin American mineral processing industry. This acquisition effectively doubles the size of the Latin American business and enables Ludowici to provide a full range of mineral processing consumables to our customer base. The acquired business has particular strengths in rubber products for the mining industry.

- North America: Similar benefits to Latin America, Ludowici's existing business focuses mostly on capital equipment, spares and repairs to capital equipment. The acquired business has a full range wire consumable products and a reasonable range of polyurethane consumables.

- India: Ludowici's Indian business is currently small and so is the acquired JS Mining business. The existing Ludowici business is focussed on capital equipment and the acquired business is focused on consumables. A new factory will be leased to accommodate the manufacturing equipment acquired in this deal.

The businesses acquired from Johnsons Screens are expected to add approximately 30% to Ludowici's global revenue and approximately $6 million of additional EBIT in 2010.

The process of integrating these new businesses into Ludowici is well underway and is progressing to plan with new business delivering sales and profits in line with, or slightly ahead, of forecast. In late March the newly acquired Australian business was cut over from Johnson Screens' IT system to Ludowici's Vantage computer system and the USA business will transfer at the end of April. The Latin American business already has its own IT system which will be migrated to Ludowici's Vantage system later this year.

As Phil Arnall mentioned, the year has started well for Ludowici and the first quarter unaudited operational Earnings Before Interest and Tax (EBIT) is $3.2 million. While the first quarter is an unusual quarter as January sales are always slow, this result is a record first quarter performance for the company. Last year's equivalent figure was $3.0 million which included a contribution of A$0.7 million from the New Zealand Packaging business which has now been sold. If the highly seasonal New Zealand Packaging profit is excluded then this year's first quarter EBIT is nearly 40% above the equivalent period last year. Obviously we would be expecting a higher profit with the newly acquired Johnsons Screens Mining businesses and this result is slightly ahead of our internal forecasts. Ludowici is expecting a strong performance for the first half of 2010 and still expects the newly acquired businesses to add approximately $6 million to the company's profit. At this stage it is too early to say with certainty the level of sales of capital equipment for the second half of the year as timing of major projects may throw some revenue into 2011.

Last year was a rewarding year for your company as we managed to grow the company and increase profitability through the turbulence of the global financial crisis. I would like to thank the whole Ludowici team for making this possible and for their support during unsettling times, particularly during the first half of 2009. Without the enthusiasm of the team and their determination I would not be reporting such pleasing results today. In addition I would like to thank the Board for their support for me and the company.

Thank you

Thank you

Phil Arnall
Chairman