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23 April, 2009

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

Dear Sir/Madam

CHAIRMAN AND MANAGING DIRECTOR ADDRESSES TO SHAREHOLDERS

Attached are the Chairman's and Managing Director's addresses to be delivered to the AGM of Ludowici Limited today 23 April, 2009 commencing at 3.00 pm.

Yours sincerely

Jim MacDonald
Company Secretary

Attachment

23 April, 2009

Dear Shareholder

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

Chairman's Address 2009 AGM
Ludowici Limited

As outlined in the Annual Report, the 2008 year revenues and profit improved on the previous year despite a subdued market for the second half of the year. In fact revenue at nearly $160 million was the highest recorded by the company and it is pleasing that all regional operations contributed to this record. Profitability however has disappointed due to a number of factors including, the mix of project work versus consumable sales, costs incurred in moving operations to the new Pinkenba site, additional write-down of inventory in accordance with our new policy and a general constraint on pricing arising from a subdued market.

The first quarter of 2009 has commenced strongly given the company's strong order book coming into the new year with significant orders on hand from all our major markets. During the first quarter of 2009 we have continued to get good enquiries with significant new orders already secured in South America and some smaller orders in both South Africa and China, and steady business from the Australian operations. There are signs of a weakening in capital products principally in the USA, and to a lesser extent in Australia, due to project deferrals. On this basis we are not confident the first quarter results will continue throughout the year. Patrick will be more expansive on our 2008 results and 2009 outlook in his address.

During the 2008 year the company experienced funding challenges due to the completion of the Pinkenba development and working capital demands to meet growth in the order book.
This required the raising of $1 million from a share purchase plan and subsequent to the year-end a conservative final dividend of 2 cents per share. During this year debt reduction will be a priority versus growth by acquisitions. Your Board considers this a prudent move in the current economic environment. During the second half of 2008, our bankers agreed to increase our long term debt to $40 million thus reducing our current debt to less than 20% of our total debt at the end of 2008.

In terms of our overall strategic direction we have continued the consolidation of our business centred around a pure play global mining services business supported by strong local ancillary businesses. The sale of the Australian Plastics business completed our exit from the non-core plastics business and we continue to explore opportunities to divest other non-core businesses.

Importantly our offshore businesses are now well established and the Australian operations have effectively been consolidated on to the Pinkenba site. Patrick will talk about our product and service initiatives going forward in his address.

There are various scenarios about the timing of a recovery in the commodities market that are fundamental to our business. This will most likely come from a mismatch between supply and demand, and there are early signs that the focus to reduce commodity inventories is driving up prices and supply, and this may be an indicator of a sustained recovery.
However, no-one is capable of predicting this with any degree of accuracy and in the meantime our focus will be on capturing any project work available and improving our share of consumables that are not project dependent.

The Board would like to thank all employees of Ludowici for their efforts during 2008 and thank shareholders for their loyalty and understanding. We are encouraged by our recent revenue growth and the footprint we have established in our global operations.

Managing Director's Address 2009 AGM – Ludowici Ltd

Thank you Phil and good afternoon ladies and gentlemen.

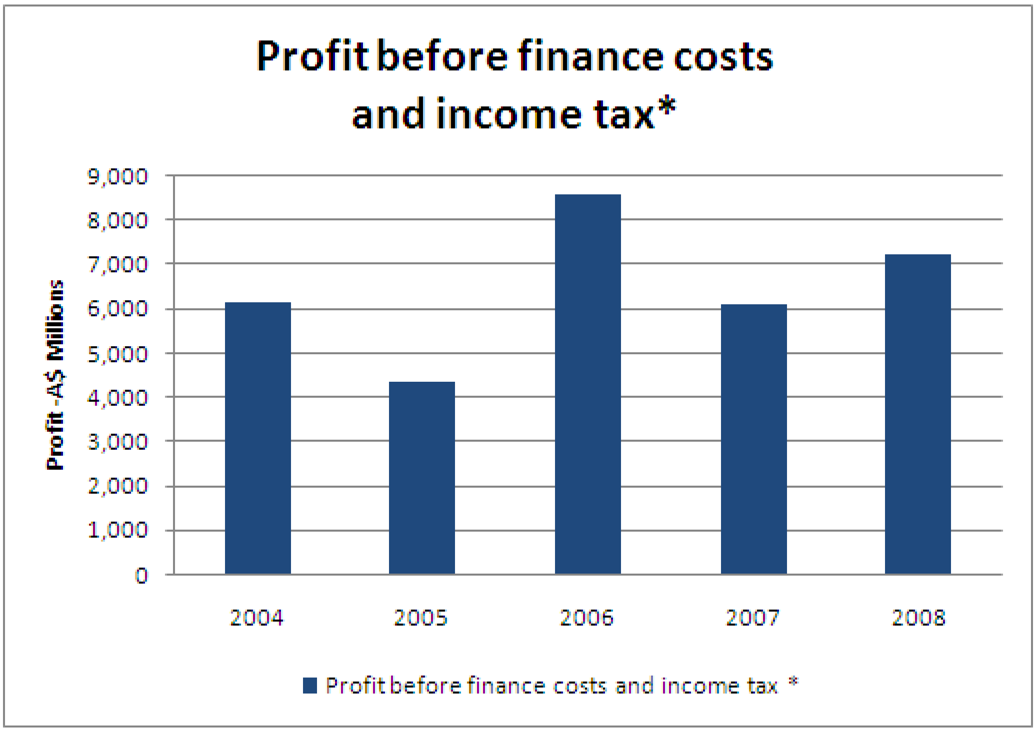
It is my pleasure to present my second Managing Director's report for Ludowici.

Today I would like to give you some additional insight into Ludowici's performance and activities last year, provide you with an update on the key areas of focus highlighted at last year's AGM, and update shareholders on progress in 2009.

In 2008 Ludowici continued to increase sales with revenue of nearly $160 million which is a record for the company. The company's sales for 2008 were 7% higher (compared with 2007) and were supported by increased revenue in all markets with the exception of New Zealand. All the increased revenue was delivered in the second half of the year and was led by a strong increase in the sales of capital equipment to the mineral processing markets. Sales of consumable products to the mining industry and hydraulic seals were marginally up during the second half of 2008. The New Zealand Packaging business is very seasonal and sales during the second half of any year are much lower than in the first six months.

While sales during the second half of 2008 were pleasingly strong, the Company's gross profit increased at a slower rate and the gross profit percentage declined during the second half of the year. This reduced gross profit percentage is obviously not welcome and was caused by a combination of factors, including a changed product mix with some lower margin sales and the rapidly rising steel price which was very difficult to cover on major capital projects. This problem was compounded by the USA business being left with steel stock when the steel price suddenly reversed direction and fell in the USA later in 2008. Other factors which weighed on the gross profit during the second half of 2008 were the costs that were expensed during the move to Pinkenba, these costs included not only the direct cost of moving and the duplicate costs that the company bore during this process of moving and also included stock write off which manifested itself at the stock take at the end of December (which was the first stock take after the move to Pinkenba).

One of the key criteria that I review monthly to gauge the health of the company is the underlying operating profitability of Ludowici. Over the last couple of years we have attempted to show the underlying profitability in our half year and full year results. These figures can become confusing depending on the different accounting treatments that have been applied at various times. In the following graph we have tried to give a comparison of the operating performance of the company over the last 4 years. To arrive at these comparable earnings before interest and tax we have written back any capitalised R&D, excluded any stock write-offs or impairments, excluded any gains or losses from selling assets and removed any foreign exchange gains or losses from intercompany loans.



*** Excludes impairments, stock write downs, one off costs for Pinkenba relocation, insurance proceeds, profit from sale of assets & intercompany loan foreign exchange gain (loss). Capitalised R&D written back**.

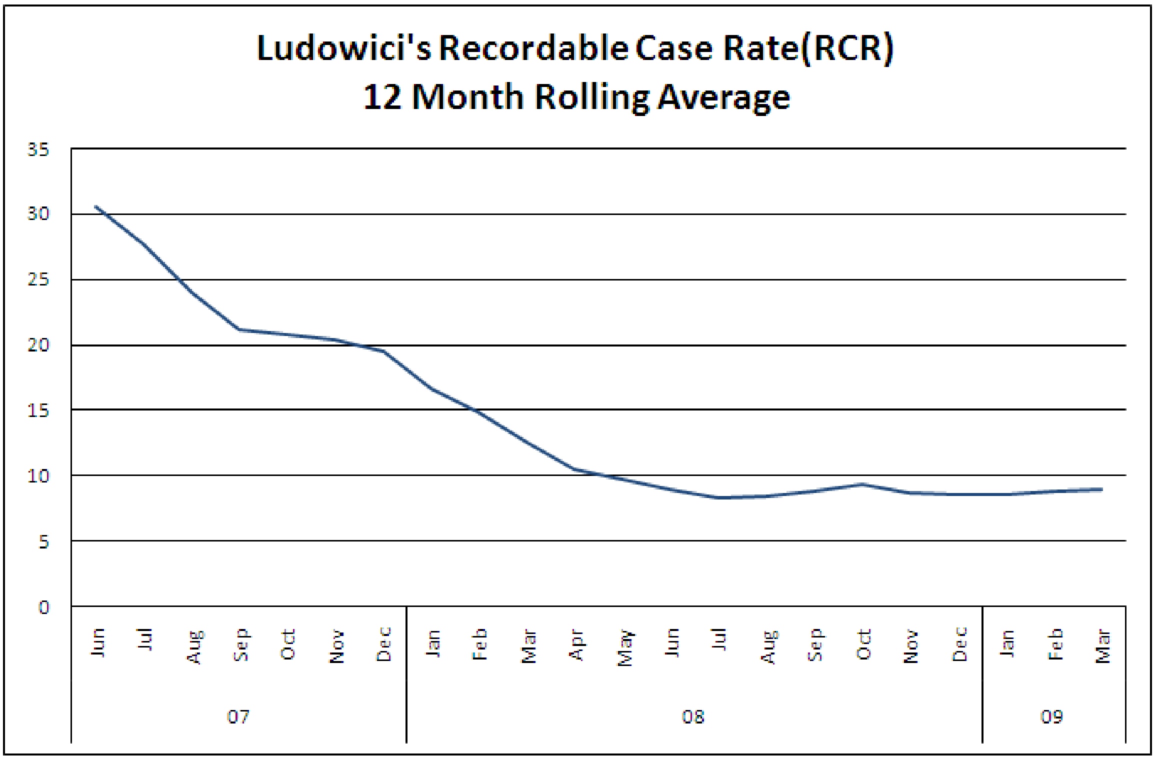
The underlying operational performance of the company has been quite variable over the last five years with the record of 2006 nearly double the preceding year. There are signs of improvement in underlying profitability in 2008 which delivered the second highest underlying profit on record.

One of the highlights of 2008 was the contribution made by our offshore businesses. Over a number of years Ludowici has been investing in developing our offshore businesses to be able to service the global mineral processing industry. I am pleased to report that our offshore businesses performed very well in 2008 with all but one business delivering a profit. The exception was South Africa where we are still rebuilding the business after establishing Ludowici Africa in its own right in late 2006. I would expect our African business to be profitable in 2009. The Latin American business led the way in 2008 delivering an excellent performance with the USA and China both delivering strong turnarounds from the previous year. In China we were pleased to win our first significant direct order generated by our new sales office in Beijing. The New Zealand Packaging business also demonstrated good performance in 2008 after significant restructuring efforts by Shane Dalbeath and his management team in Hastings.

The Australian businesses delivered mixed results with strong sales of capital equipment and engineered rubber products offset by reduced gross margins as mentioned above.

During the second half of 2008 we moved three additional businesses to Pinkenba with vibrating screen manufacture moving from Carole Park, the process technology businesses moving from Banyo and at the end of the year the Hicom business moved up from Sydney to Pinkenba. The consolidation of the businesses to Pinkenba has been welcome but has nevertheless caused a significant amount of disruption during the third quarter of 2008.

Improving Ludowici's safety performance was also a focus of the company in 2008 and I am pleased to report that good progress has been made. 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 couple of years. The Recordable Case Rate appears to have stabilised at approximately 8 or 9 and we now need to drive this lower over the next year.



At last year's AGM I identified three areas of particular focus for the company. They were:

- Improving the operating efficiency of the company
- Driving cultural change in the company
- Connecting more closely with customers

While there is naturally some subjectivity in analysing progress in these areas, I would like to briefly update you on each area.

The move to a consolidated site at Pinkenba has provided the platform for much more efficient operations. A wide variety of changes have been made to the way Ludowici runs its global operations mainly focussed on improving our processes to deliver more efficient operations particularly as Ludowici's operations are becoming ever more global in nature. These changes are yielding some improvements and we are keen to deliver more to ultimately establish a truly seamless global supply chain. We are currently undertaking a review of what has been achieved and what still needs to be done.

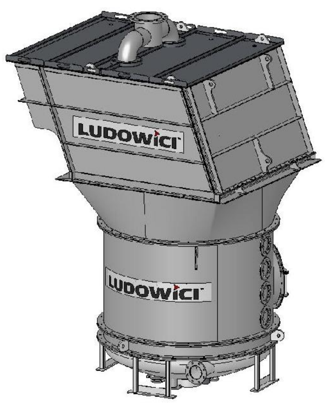
Late last year we decided to delay the final cut over for the Australian mineral processing businesses from our existing computer system to the new Vantage system to ensure that the data was properly cleansed and adequate training delivered. In early April, the South Australian part of the business was cut over and the rest of Australia will follow in a few months. In summary, on operating efficiency, we have made a reasonable start but believe that there is much more opportunity to deliver further benefit.

Measuring cultural change is always hard to do. I believe that good progress is being made. Perhaps a visible sign is the state of housekeeping at the Pinkenba site. If any of you have been to our previous sites at Banyo or Carole Park and compare this with Pinkenba, you will see a large and noticeable difference. A little later you will be able to see the Pinkenba site for yourselves as we take you on a plant tour. Another measure of the changing culture is how our offshore businesses operate. These businesses are demonstrating increased accountability and profitability and are run by local General Managers who are supported by Ludowici's global business teams. As part of the process of developing a culture of greater accountability we have recently completed a leadership training course for leading hands at Pinkenba and plan to develop further leadership training programs.

While there are fantastic examples in Ludowici of great connectivity with customers and individuals who are truly close to our customers, as a company I think that there is much more that can be done to develop a truly customer focussed organisation. This ranges from improving In Full on Time delivery to industry leading levels to developing a deeper understanding of the major issues faced by our customers so that we can help them improve their business. This is an area where we will be spending more time and effort to get it right and will deliver great benefit to the company.

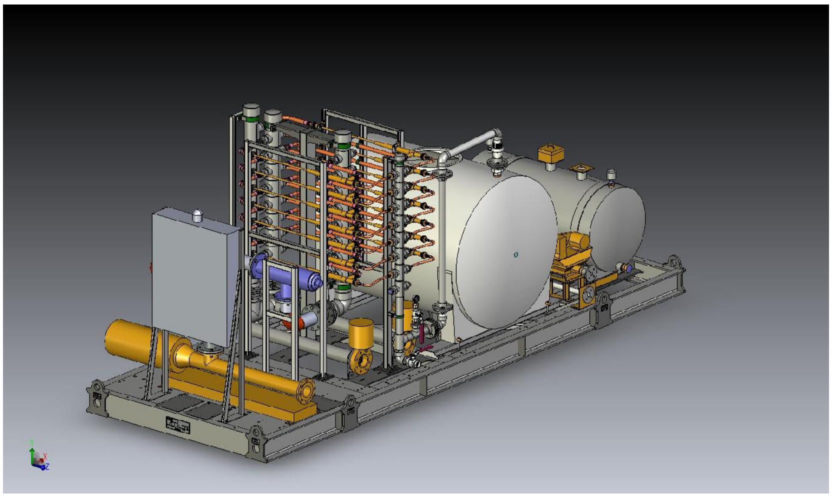
I am grateful for a series of written questions submitted by a shareholder and in a spirit of consistent communication to all shareholders I will respond to them. Firstly there was a question of a reconciliation of our gross margin against the previous year and between the major product groups of consumables and capital products. As indicated above there were a variety of factors that combined to drive our gross profit percentage down particularly in the second half of 2008. Results to date in 2009 have shown that the gross profit percentage is increasing from the lows of the second half of 2008.

It was also pointed out that the company appeared to have reduced expenditure on R & D for the 2008 year and may not be focusing on product development. This is not the case and I will briefly outline the progress we are making in developing products to commercial reality. When I joined Ludowici a couple of years ago, there were a number of R&D projects that showed promise but were taking a long time to get to market. Given my previous experience in commercialising new technologies, I chose to focus our R&D efforts on bringing the good developments to market. These efforts are bearing fruit with a new design of the reflux classifier recently completed with new and groundbreaking results being achieved in gravity separation of fine particles. The diagram shows a 3-D model of the new RC2020 unit launched in recent weeks. The first of these new designs has been sold for delivery in July, with strong interest also being shown by many of the major global mining and engineering houses.



New Ludowici **REFLUX CLASSIFIER 2020**

The HFC centrifuge has undergone significant process development over the past few years and is proving to offer many coal drying benefits to our customers with increasing sales. We have also developed a new range of Clean Water products which remove the oil and solids contaminants from water to complement our mobile plant washdown systems. The model shown here is our new proprietary Hydrocyclone separation unit. Pleasingly we have also secured early orders for these new units.



New Ludowici **Clean Water Hydrocyclone Separation Unit**

Insofar as consumable products are concerned we have three new products either ready for release onto the market or close to being ready for release. The first will be exhibited next week at the Lexington Coal Show in the USA and is a new and patented polyurethane screen panel design that will allow us to access a market in which we could previously not compete. The other developments are also in screen panels and have not been released to the market but both should offer customers operating and cost advantages. As far as R&D expenditure is concerned, whilst we are vigilant to capture expenditure for tax rebate purposes the way our accounts are structured all R&D costs do not always appear as discrete items in the business unit accounts.

Finally what does the year ahead look like? As you would all be aware the market is extremely uncertain which makes it impossible to forecast future performance with any accuracy. What I can tell you is that the first quarter of 2009 has started very well for Ludowici with an unaudited operational EBIT of $3 million for the quarter. Checking back in the records this appears to be the highest EBIT ever delivered by the company in the first quarter of the year – slightly higher than the previous record in 2006. As mentioned by our Chairman our current level of manufacturing activity of capital equipment is likely to reduce over the next few months. At this stage, it is hard to tell by how much as we are still actively quoting numerous projects in Australia and offshore but there is significant uncertainty about when these projects may proceed or indeed whether they proceed at all. In anticipation of a slowdown in our markets, the company has taken action to reduce costs and since the beginning of the year has reduced staffing by approximately 50 people across the world. Some of the people leaving Ludowici are permanent employees and some are temporary employees who we hired to deal with increased workload in the second half of 2008. These are actions not taken lightly but it is unfortunately necessary in these difficult times

As I mentioned in my review of operations in the Ludowici Annual Report, 2008 was not the easiest year for the company but I believe that we have made good progress to becoming one of the true leaders in servicing the global mining industry. We still have a way to go and there will no doubt be some challenges on the way but we have a great company, excellent products and an enthusiastic team. I would like to thank the Ludowici team for their contributions during the year, I know many have gone the extra mile for the company and your efforts are very much appreciated by me, the Ludowici Board and all our shareholders. I would also like to thank the Board for their support during the year.

Thank you

Thank you

Phil Arnall
Chairman