

QUARTERLY UPDATE

Q1 FY13

Summary

- Henderson plant operating at target production rates
- Pending order book of US\$167 million, and a pipeline & quote book over US\$1 billion
- Successful launch of new SURF products
- Macro indicators continue to trend strongly for all product lines

Matrix

Composites & Engineering

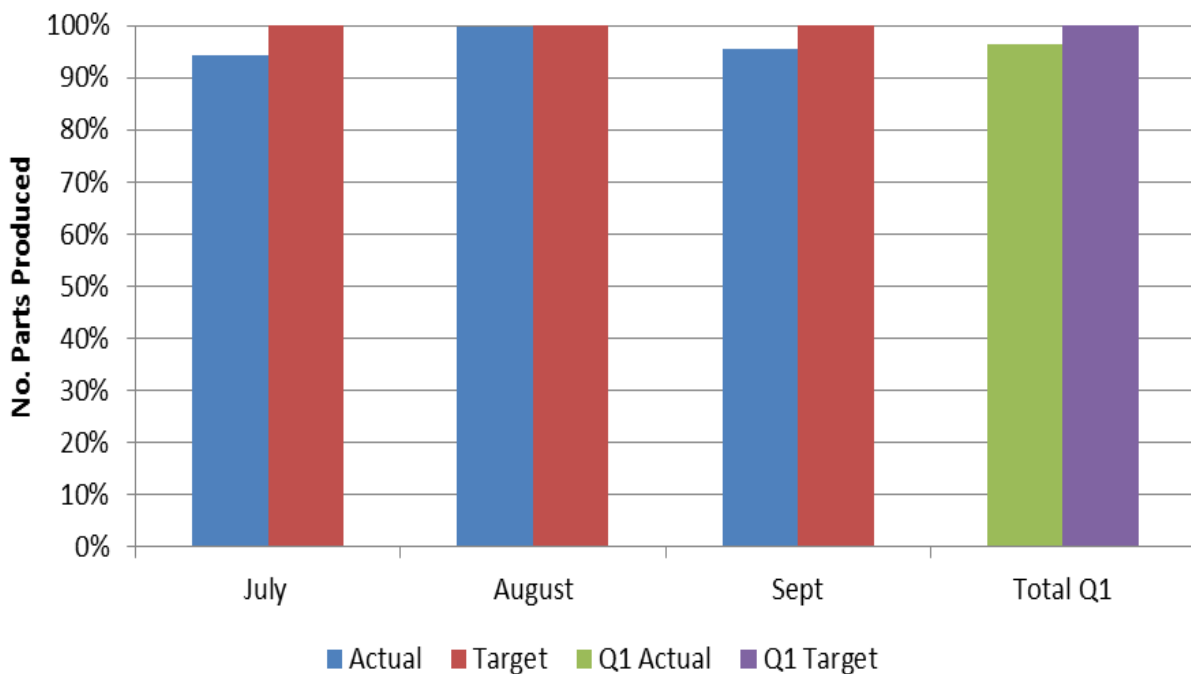


Welcome to the Matrix Composites & Engineering 'Quarterly Update' for Q1 FY13. The update provides a snapshot of the Company's key business indicators including production rates, orders, tendering activity and product development, as well as the market outlook for our products and services.

PRODUCTION

Target production output of riser buoyancy modules was achieved in August 2012. During September the Company sought to optimize its cost structure which caused a temporary fall in production for that month.

GRAPH 1 – Actual v Target Production Q1 FY13

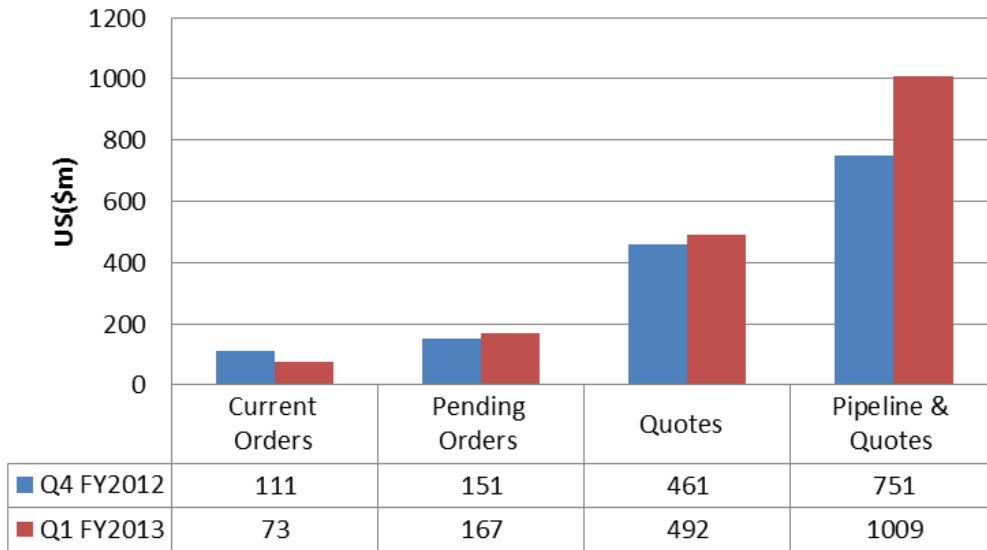


Subsequent to Q1 FY13, Matrix amended its shift roster and operational structure which will cause production levels to fall in Q2 FY13.

Centraliser capacity is currently in excess of demand. Matrix will continue to manage its capacity to meet client demand.

ORDER BOOK & PIPELINE

GRAPH 2 – Order Book, Tender Activity & Pipeline (US\$) as at 30 September 2012



The current order book fell to \$73 million as orders were fulfilled and a lower than anticipated conversion rate of quotes to confirmed orders resulted. Pending orders due to be awarded in FY13 increased to \$167 million. For the first time ever, the Company's pipeline and quote book exceeded \$1 billion.

Matrix is focused on building its current order backlog to higher levels over the remainder of FY13.

Current orders – the value of contracted work (where a purchase order (PO) has been received) that has not been produced

Pending orders – the value of contracts under negotiation where no formal PO has been received although Matrix has a high degree of confidence in securing the contract

Quotes – the value of all contracts that Matrix has quoted on or responded to via tender (includes pending order book)

Pipeline & quotes – the value of the quote book plus opportunities that Matrix has identified and tracked that will require goods and services manufactured and supplied by the Company

Drilling Products

As previously announced, Matrix was awarded new contracts at the start of Q1 FY13 worth US\$45.2 million for the manufacture and supply of drilling riser buoyancy to a major Korean ship builder and a US based drilling contractor. There is also an option to supply additional buoyancy valued at US\$23 million subject to the construction of further drillships.

Matrix has recently been awarded two new contracts worth US\$7.4 million for riser buoyancy modules that will be used on the same semi-submersible rig in the Gulf of Mexico. The contracts are from a major Korean ship building company who is a new client for Matrix, and a large oilfield product and service provider. The contracts are to replace worn and damaged modules that Matrix supplied in the past and to supply new 10,000 ft modules for use on the rig's extended riser.

The Company's quotations are currently at an all-time high, increasing by 6.5 per cent over the last quarter as activity in shipyards continues to increase.

The market for the repair and replacement of riser buoyancy systems is continuing to grow. Matrix is well positioned to service this growing market due to its ability to supply quality product within a shorter timeframe than its competitors.

Upstream SURF Ancillary Equipment

Matrix's Subsea, Umbilical, Riser and Flowline (SURF) ancillary equipment line continues to grow steadily with a number of new products released in Q1 FY13.

Using the same materials technology and processes used to manufacture its market leading riser buoyancy, Matrix released a new Polyurethane Field Joint Coating product and a new range of installation and ROV skid/ tooling buoyancy.

Well Construction Products

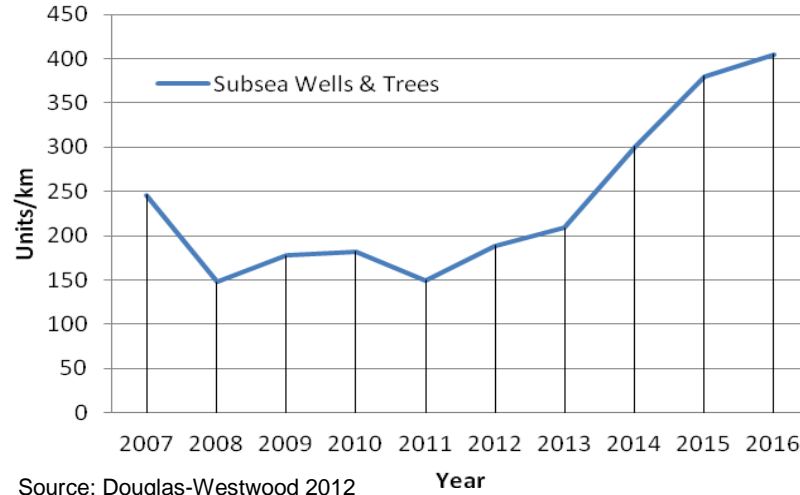
During Q1 FY13, Matrix delivered a quantity of its recently released composite nose reamer shoes to one of the world's largest petroleum exploration and production companies. The design incorporates a composite nose which significantly reduces drill-out time and overall costs in comparison to shoes that use aluminum or other metallic materials in the nose area.

Matrix continues to supply centralisers to several major oil and gas producers, and well equipment OEM's in Canada and the US under supply contracts and direct sales. The centralizer product line is being expanded to include a range of new sizes and grades which will be stocked in the US and Australia.

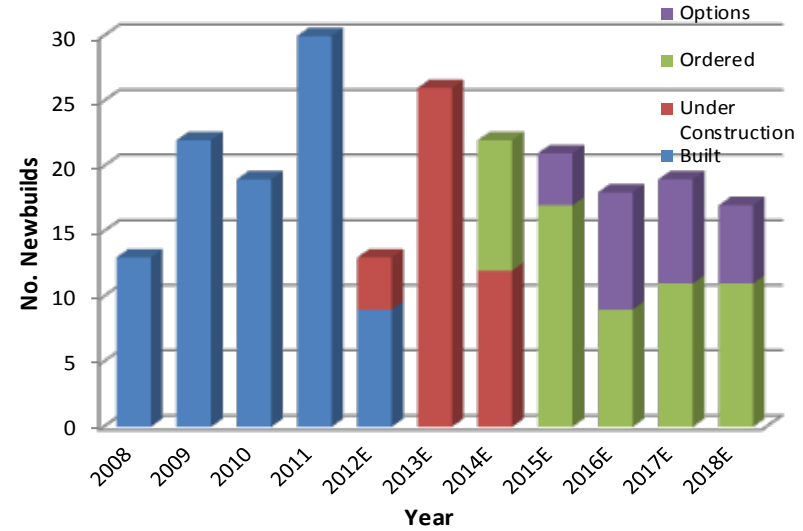
MACRO INDICATORS

Drilling Products

GRAPH 3: Subsea Wells & Trees – Global Capex – Units/km by Component

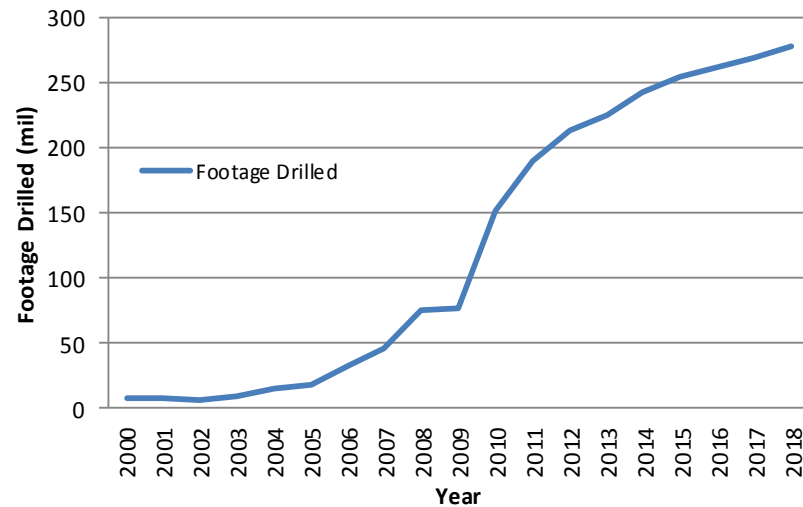


GRAPH 4: World Number of Confirmed Newbuilds

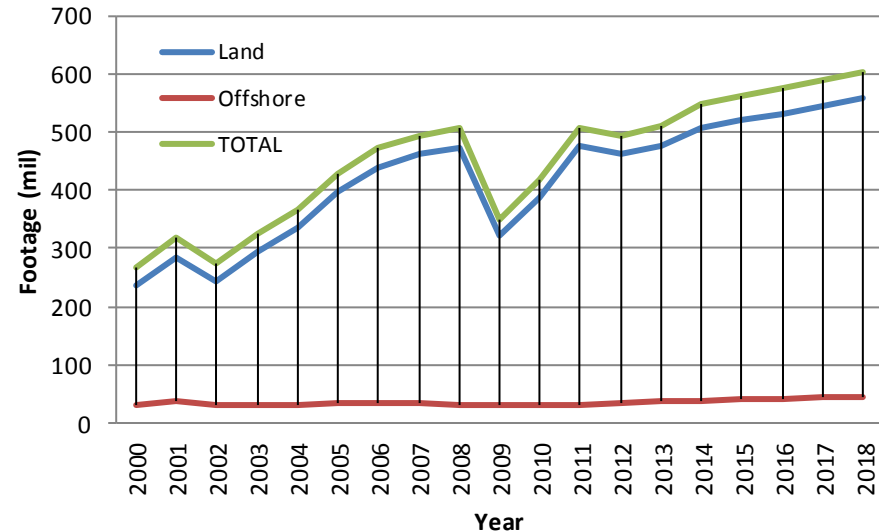


Well Construction Products

GRAPH 5: US Drilling & Production Outlook – Horizontal Footage Drilled (mil)



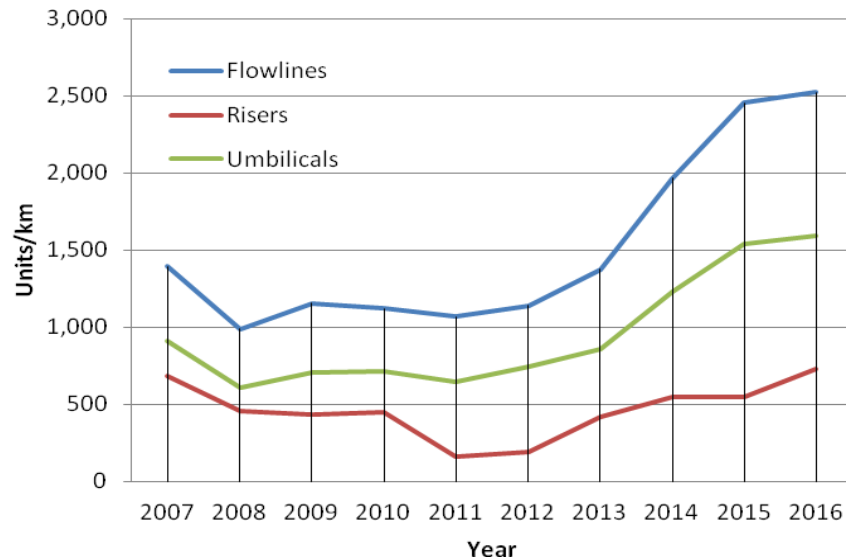
GRAPH 6: World Drilling & Production Outlook – Land & Offshore⁵



MACRO INDICATORS

SURF Ancillary Equipment

GRAPH 7: Global Capex – Units/km by Component



Source: Douglas-Westwood 2012

OUTLOOK

- The macro outlook for the oil and gas sector remains strong
- Matrix expects to grow its current order book over the remainder of FY13 as the timing of order conversion improves
- Drilling products/ SURF ancillary products - the structural shift to deepwater drilling, subsea completions and production underpins the demand for Matrix's market leading buoyancy products
- Drilling products – the total number of subsea wells and trees (Graph 3) is expected to increase significantly from 2012 to 2016. This will drive long term demand for deepwater floaters (Graph 4) which in turn increases demand for the Company's riser buoyancy modules including their maintenance, repair and replacement
- Well construction products – total footage drilled, especially in the US, continues to increase significantly (Graph 5&6) which will drive demand for the Company's consumable well construction products designed for directional and horizontal wells
- SURF ancillary products – deployment of subsea flowlines, risers and umbilicals (Graph 7) is forecast to increase substantially over the next five years. Matrix has developed a range of products to ensure growth and diversification in this expanding market.

⁵Excludes Russia, China & Central Asia