

QUARTERLY UPDATE

Q4 FY12

Summary

- Significant improvement in plant performance – 72 per cent of target output for Q4 FY2012 approaching nameplate capacity in July 2012
- Current order book grew to USD\$111 million
- Successful launch of new products
- Successful completion of AUD\$36 million capital raising
- Macro indicators trending strongly for all product lines

Matrix

Composites & Engineering



WELCOME to the Matrix Composites & Engineering update for Q4 FY12. This update will provide a snapshot of the Company's key business indicators including production rates, orders, tendering activity and product development, as well as a market outlook for our products and services.

New website – matrixengineered.com

We are launching our new website - matrixengineered.com on 20 July 2012. The new website will contain a comprehensive 'Investor Relations' section which gives you a range of new features including a Corporate Calendar and the opportunity to sign up and receive Email Alerts. We have also set up a new email address specifically for Matrix investors: investor@matrixengineered.com.

Changes to the Board

Maxwell Begley, founder and Non-Executive Director of Matrix Composites & Engineering resigned in May 2012. Having turned 70 and involved in the Company for 30 years, Mr. Begley decided the time was right to stand down as Non-Executive Director.

Occupation Health, Safety & Environment (OHSE)

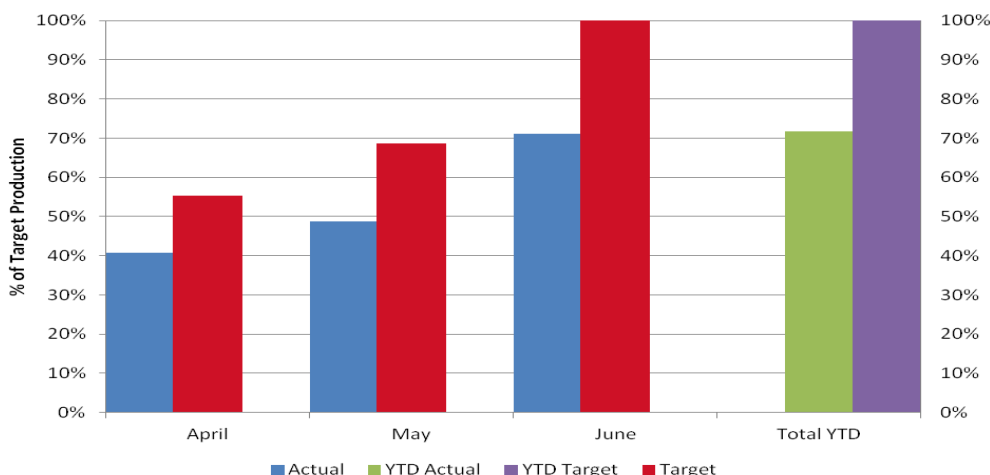
Matrix is committed to continuous improvement in OHSE performance:

- The group's LTIFR and MTIFR are lower than the average reported to PACIA by its plastics industry members
- The group's LTIFR is lower than the average recorded by PACIA's chemical industry members
- There have been no reportable environmental incidents on any of our sites in the last six months.

PRODUCTION

Production of riser buoyancy modules in Q4 FY12 was 72 per cent of target output due to commissioning and a number of bottlenecks in the plant. Production is rapidly improving with the plant achieving 95 per cent of nameplate capacity for the first time in Q1 FY13. We expect to report stable production at full capacity in Q1 FY13.

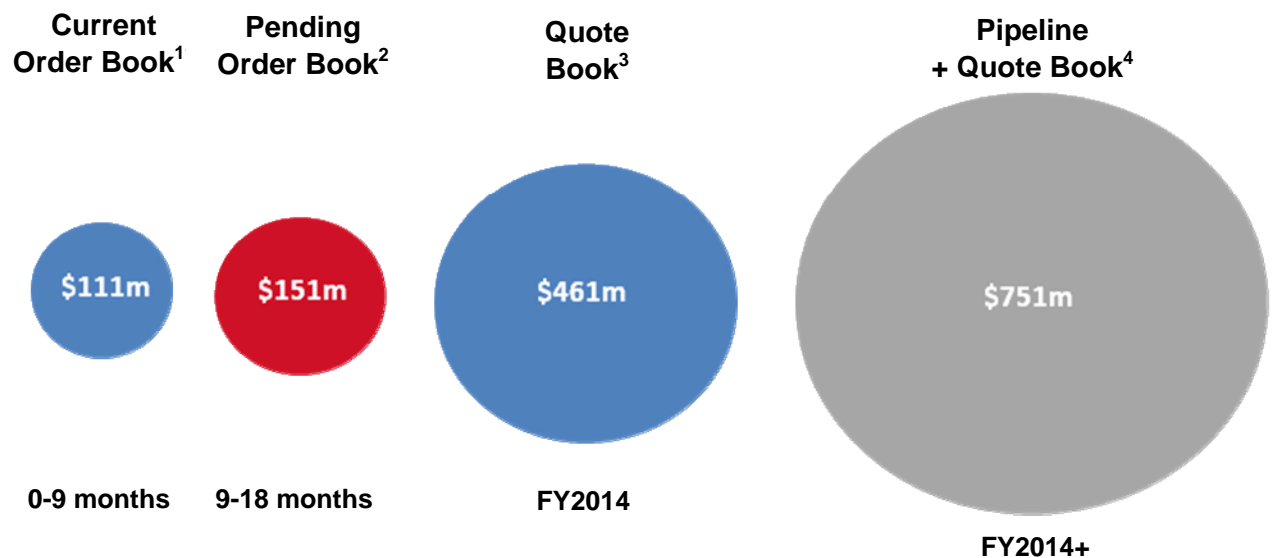
Graph 1 – Actual v Target Production Q4 FY12



Production of centralisers continues to increase to meet growing sales demand.

ORDER BOOK & PIPELINE

FIGURE 1 – Order book, tender activity & pipeline (USD\$) as at 13 July 2012



Our current order book as at 13 July 2012 has grown from USD\$90 million in May 2012 to USD\$111 million. Whilst enjoying strong conversion rates, Matrix retains a high level of pending orders valued at USD\$151 million which are due to be awarded in FY13.

¹ Current order book – the value of contracted work (where a purchase order (PO) has been received) that has not been produced

² Pending order book – 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

³ Quote book – the value of all contracts that Matrix has quoted on or responded to via tender (includes pending order book)

⁴ Quote book and pipeline – 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 - Q1 FY13

As recently announced, Matrix has been awarded new contracts worth USD\$45.2 million (in Q1 FY13) for the manufacture and supply of drilling riser buoyancy to a major Korean shipbuilder and a US based drilling contractor. In addition, there is an option to supply additional buoyancy valued at USD\$23 million subject to the construction of further drillships.

Matrix is currently fulfilling an order for 12,000 ft API 16F compliant riser buoyancy which will be delivered in Q2 FY13. The Company is also developing 13,000 to 15,000 ft riser buoyancy modules for use in ultra deep subsea environments. With its hydrostatic pressure testing facility that includes the largest deep water simulation chamber in the world capable of testing buoyancy systems to a service depth of 17,500 ft, Matrix is well positioned to capture further market share as the industry moves towards deeper water drilling.

Upstream SURF Ancillary Equipment – Q1 FY13

Matrix's Subsea, Umbilical, Riser and Flowline (SURF) ancillary equipment line has been growing steadily. The Company was recently awarded a significant contract from a new client to supply distributed buoyancy. The buoyancy will be used on a project in West Africa being developed by a major French oil producer. West Africa is becoming one of the world's top oil regions and is a key focus of Matrix.

Using our extensive expertise in the distributed buoyancy field, Matrix has launched a new distributed buoyancy design that includes a light weight, robust module and a flexible riser clamp that can be used across a large range of flexible risers and umbilicals. The design differs from our competitors as the system's clamp is extremely light weight and can be quickly installed saving the client time and money.

Well Construction Products – Q4 FY12

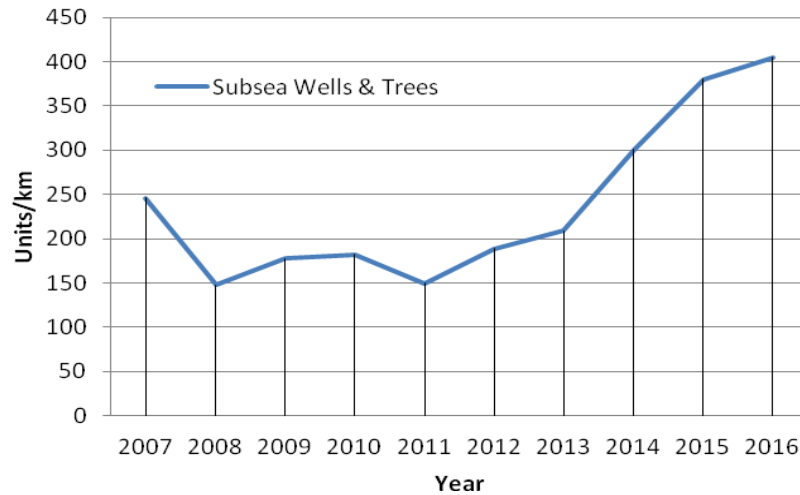
Matrix has signed a supply agreement with a major US operator for its low friction casing centralisers. Our low friction centralisers have allowed the operator to change the design of its wells to use water based instead of synthetic oil based muds. The low friction characteristic of our centralisers has resulted in the operator transitioning its entire land based rig fleet to Matrix centralisers.

Matrix has also released two new patented, low friction composite drilling and completions centralisers for use in extremely challenging, directional and horizontal wells. We are well positioned to supply this rapidly growing market as it continues the trend towards construction of directional and horizontal wells.

MACRO INDICATORS

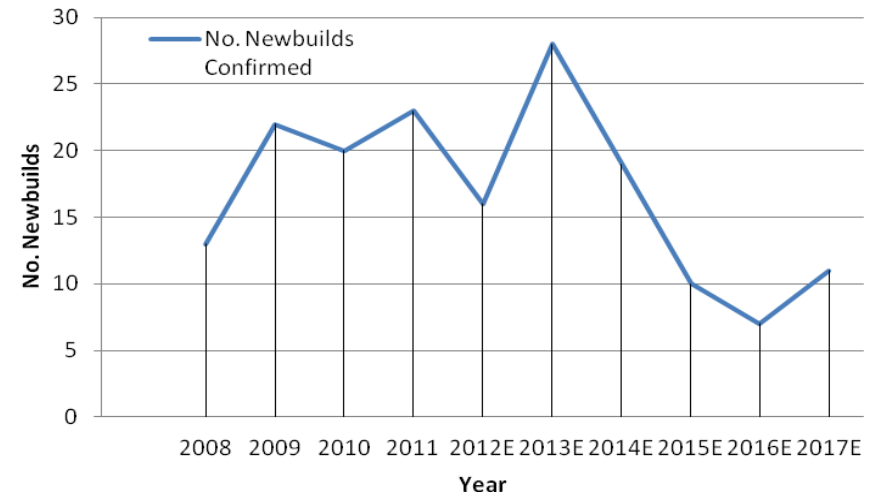
Drilling Products

GRAPH 2: Subsea Wells & Trees – Global Capex – Units/km by Component



Source: Douglas-Westwood

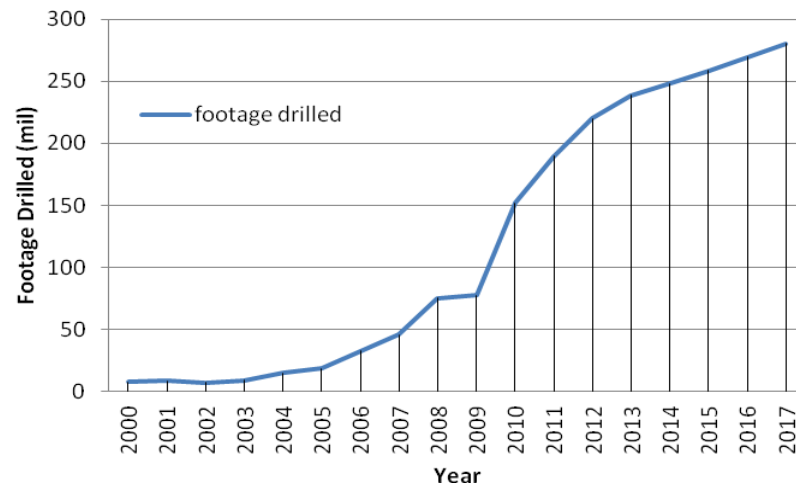
GRAPH 3: World Number of Confirmed Newbuilds



Source: Company Data

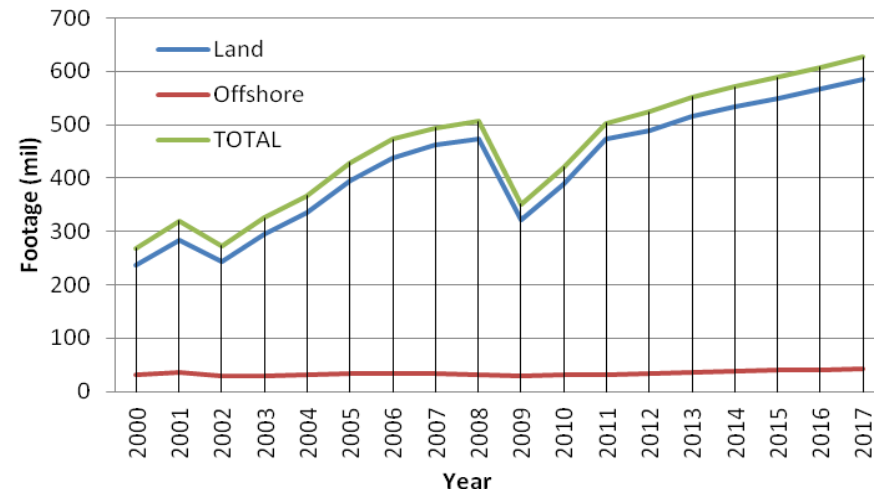
Well Construction Products

GRAPH 4: US Drilling & Production Outlook – Horizontal Footage Drilled (mil)



Source: Baker Hughes, Spears & Associates

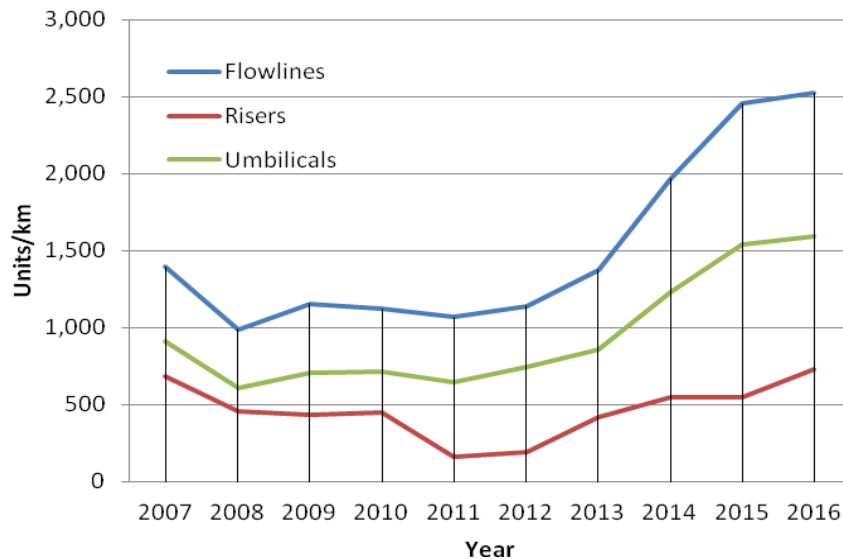
GRAPH 5: World Drilling & Production Outlook – Land & Offshore⁵



MACRO INDICATORS

SURF Ancillary Equipment

GRAPH 6: Global Capex – Units/km by Component



Source: Douglas-Westwood

OUTLOOK

- The macro outlook for the oil and gas sector remains strong
- 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 2) is expected to increase significantly from 2012 to 2016. This will drive long term demand for deepwater floaters (Graph 3) which in turn increases demand for our riser buoyancy modules including their maintenance, repair and replacement
- Well construction products – total footage drilled, especially in the US, continues to increase significantly (Graph 4 & 5) which will drive demand for our consumable well construction products designed for directional and horizontal wells
- SURF ancillary products – deployment of subsea flowlines, risers and umbilicals (Graph 6) 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