

**MATRIX COMPOSITES & ENGINEERING LTD****2010 ANNUAL GENERAL MEETING****11.00am FRIDAY 15 OCTOBER 2010****CHAIRMAN'S ADDRESS**

Good morning ladies and gentlemen and welcome to the 2010 Annual General Meeting of Matrix Composites & Engineering Ltd ("Company").

My name is Nigel Johnson and I am Chairman of the Company. I would like to introduce your Directors present here today:

Chief Executive Officer – Mr Aaron Begley

Non-executive Director – Mr Paul Wright

Non-executive Director – Mr Max Begley

Non-executive Director – Mr Craig Duncan

In addition, senior representatives of the Company, including Mr Michael Kenyon who has commenced with the Company this week as CFO/Company Secretary and representatives of our auditors Mack & Co are present today.

Before dealing with the formal matters of this meeting, I would like to make a few comments on the Company's activities and performance over the past twelve months.

It has been an exciting and challenging year for the Company with a number of highlights and successes.

The Company completed a plant upgrade at its Malaga facility which, along with the move to 24 hours/7 days per week operations, has facilitated a significant increase in production capacity and output for riser buoyancy modules. The success of this upgrade is clearly demonstrated in a record production of modules in the September 2010 quarter.

The Company secured a long-term lease for land at Henderson, in the Australian Marine Complex, and commenced the development of a state of the art facility. Construction of the buildings is essentially complete and the plant fit-out is well advanced. Commissioning of the plant is anticipated to commence in December 2010.



The Company listed on the ASX in November 2009 raising \$15 million and in April 2010 successfully raised a further \$13.5 million. The proceeds from these equity raisings, along with debt facilities secured from the National Australia Bank, are funding the site construction and plant fit-out costs for stage 1 of the Henderson development.

From an operational perspective, I am pleased to report that the Company had a strong financial year with significant growth in both revenue and profitability. Revenue for the year increased by 89% to \$102.6 million and the NPAT of \$18.16 million represented a 486% increase on the previous financial year.

This outstanding profit result was a significant increase on the \$7.6 million NPAT forecast in the prospectus. Weighted earnings per share of 31.0 cents exceeded both last year's 6.3 cents and the 11.9 cents forecast in the prospectus.

The Composites Materials division was the major driver of the strong growth and profitability due to excellent production and margin outcomes. The Heavy Engineering division, despite the business uncertainty prevailing in the Western Australian market place during the financial year, continued to perform profitably and be a valuable contributor to the Matrix group.

As regards dividends, a final fully franked dividend of 2 cents per ordinary share has been declared. This brings total dividends for the year to 4 cents per ordinary share, a 100% increase on the previous financial year.

The production and financial outcomes would not have been achieved without the Company's heavy investment in human resources. Employee numbers in the Matrix group have increased to nearly 400 as we recruit new personnel for the Henderson operation. The year also saw the appointment of Mr Aaron Begley as the Company's new Chief Executive Officer. Aaron was previously Managing Director of the Composites Materials division and has been largely responsible for the development of the products and markets for this division.

The Company is well positioned to continue to build on the strong growth achieved over the last 2 to 3 years. The Company is a market leader in syntactic foam technology and buoyancy products for the offshore oil and gas industry, it has an established customer base and network, a strong commitment to product research and development and the belief that there will be continuing growth in demand for its products.

The Company has a solid order book and we shall continue to develop new products to assist with our push into new markets.

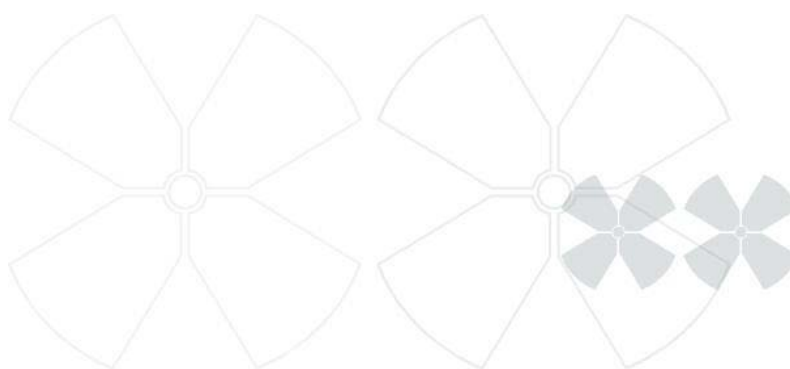
The Company's growth and success is directly attributable to the dedication, motivation and performance of our Board, management and employees. They have performed admirably and produced an outstanding result for shareholders. I thank and commend them all for their efforts.

I look forward to 2011 with optimism and to building on our achievements in 2010. I thank our shareholders for your support of the Company; in a little under a year we have grown our shareholder numbers from 100, prior to our ASX listing, to more than 2,000 shareholders today including a strong institutional investor base.

I look forward to your ongoing support as we continue to grow the Company and group to deliver strong returns to our shareholders.



Nigel Johnson





SHAREHOLDER PRESENTATION

Presented by Aaron Begley, CEO, MC&E Ltd.



Highlights

- ✦ Record \$18.16 million NPAT, up 486% from FY09 and nearly 2.5 x forecast prospectus earnings for the period.
- ✦ Record revenue of \$102 million an increase of over 89% from the previous period
- ✦ Order book of approximately \$188 million substantially underwrites another doubling of revenue for the 2011 Financial Year



Highlights

- ❖ Henderson Stage 1 commissioning in late Q2 FY011. Henderson development costs are fully funded.
- ❖ Strong Balance Sheet and Cash Flows at the end of FY010.
- ❖ Several new product launches including Cryogenic Insulation, Downhole Products and Production Buoyancy.



Financial Performance

	2010FY	2009FY	Comment
Revenue	\$102.62 million	\$54.33 million	89%
EBITDA	\$28.06 million	\$5.52 million	408%
Net profit after tax	\$18.16 million	\$3.10 million	486%
Earnings per share	31.0 cents	6.3 cents	Weighted average over the reporting period
Dividends per share	4.0 cents	2.0 cents	2c final + 2c interim
Order Book	\$188 million	\$136 million	Underwrites further increase in revenue for FY 2011
Gearing	0%	20.00%	Cash on hand exceeds bank debt at 30/6/2010
Hedging	\$38 million		Substantially protects the group against fluctuations in the AUD/USD

Financial Performance

	2010	2009	YOY Change
EBITDA	\$28.1Million	\$5.5Million	+411%
EBITDA Margin	27.3%	10.2%	+268%
Gearing (Net Debt/Net Tangible Assets)	0%	20%	n/a
Interest Cover (EBIT/Interest Expense)	54x	11x	+490%
Interest bearing debt	\$8.1Million	\$5.6Million	+43%
Capital Expenditure	\$41.2Million	\$10.3Million	+300%
November 2009 Capital Raising (IPO)	\$15.0Million		
April 2010 Capital Raising	\$13.5Million		

Q1 FY 10/11 Operations Update

- ✖ Q1 FY 10/11 internal and unaudited management accounts figures:
 - ✖ Group YTD Sales \$47.5m
 - ✖ Group YTD NPBT \$12.8m (excluding MTM profit of \$2.8m on currency call options)
- ✖ Module production up 233% from Q1 FY010.
- ✖ During the Q1 results were slightly impacted by a rise in the \$A, but largely offset in this period by an effective hedging policy.
- ✖ Raw materials inventory holding reduction initiative has been effective and has had a positive effect on operating cash flows.
- ✖ At the end of September the company's net debt position was \$8.9million.



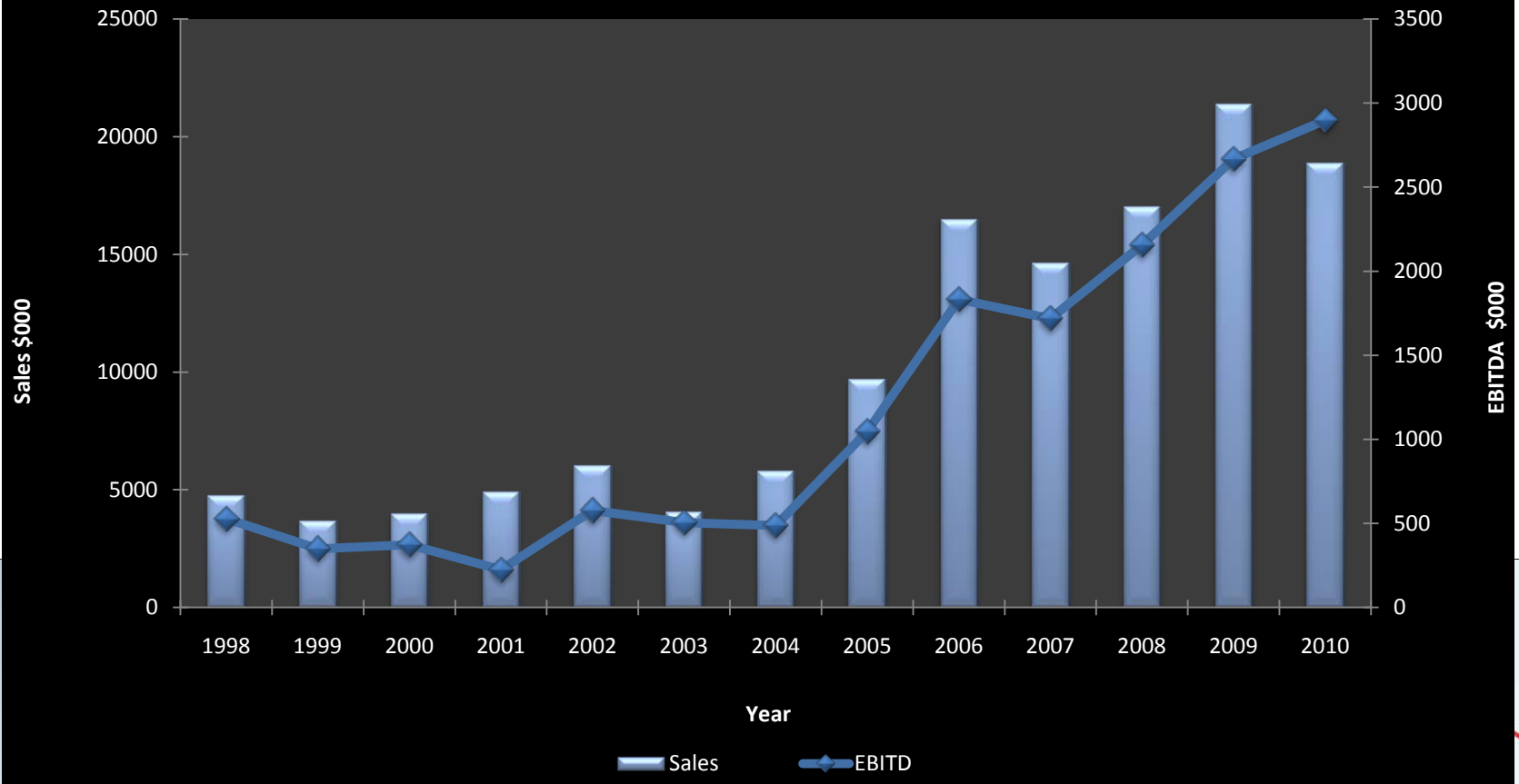
Q1 FY 10/11 Operations Update

- ✖ Potential Risks to revenue and profit run rates for the remainder of the financial year include an increase in the value of the \$A above parity, pricing pressure on raw materials (especially those that are also used in the aerospace sector) and commissioning delays with Henderson resulting from system integration issues.
- ✖ There is evidence of increasing competitive pricing pressure in the riser buoyancy market as conditions for calendar 2011 deliveries tighten, however an increase in the number of inquiries for new rig builds and replacements indicates an improvement in this market sector for 2012 calendar year deliveries.
- ✖ A significant number of regional subsea projects have been announced or are underway improving prospects for Matrix in the SURF ancillaries market.
- ✖ Several Iron Ore equipment opportunities have been identified and are likely to be converted into orders in Q2 & Q3.



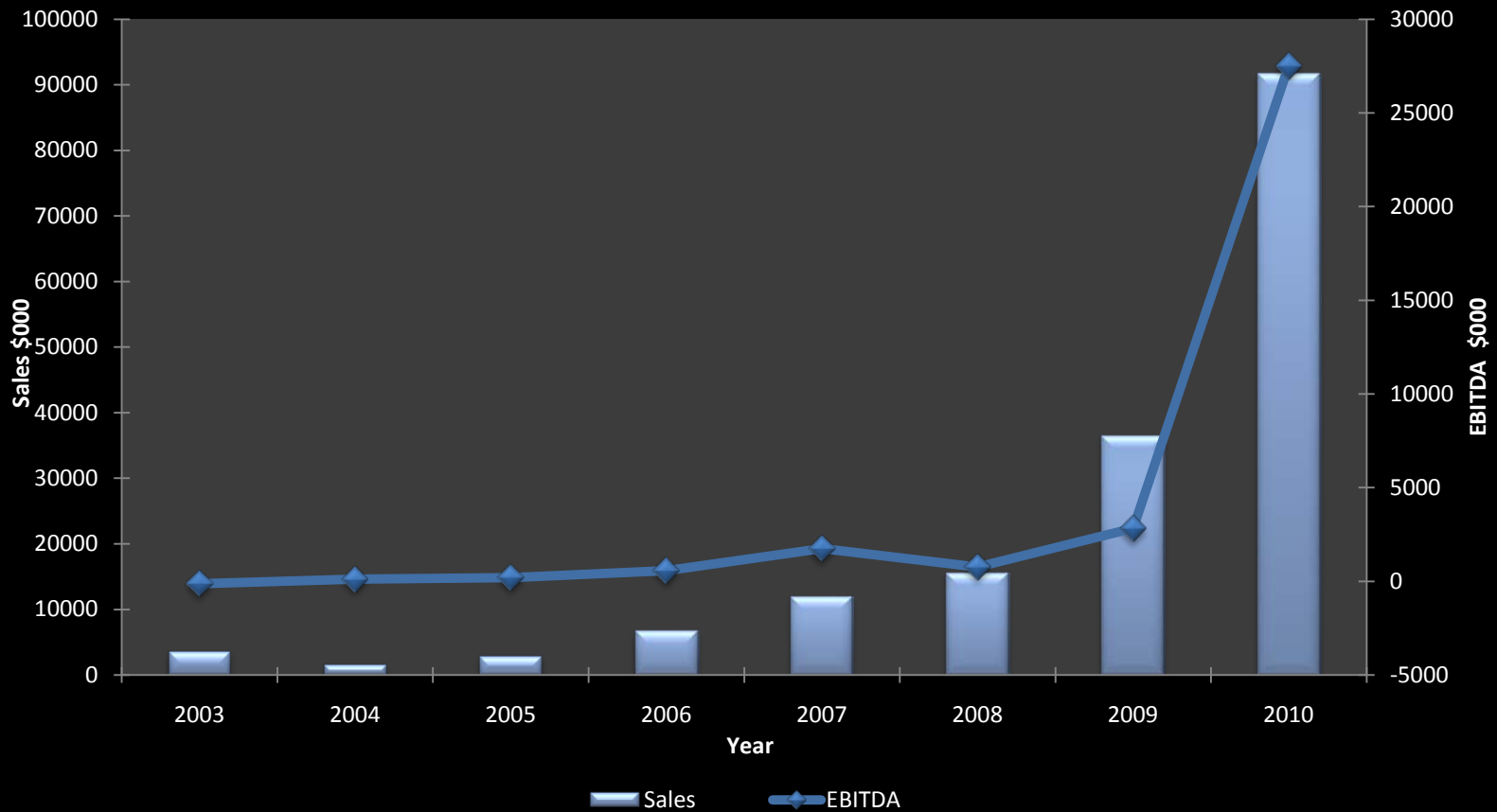
Historical Performance

Heavy Engineering Division Only - Sales & EBITDA 1998-2010



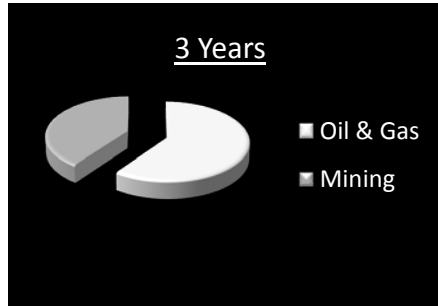
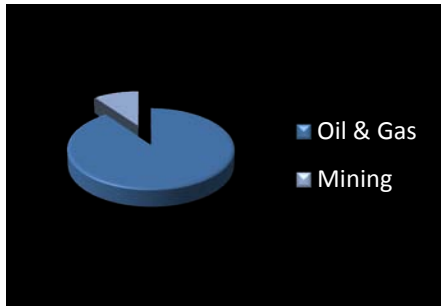
Historical Performance

Matrix Composites Division only - Sales & EBITDA 2003-2010

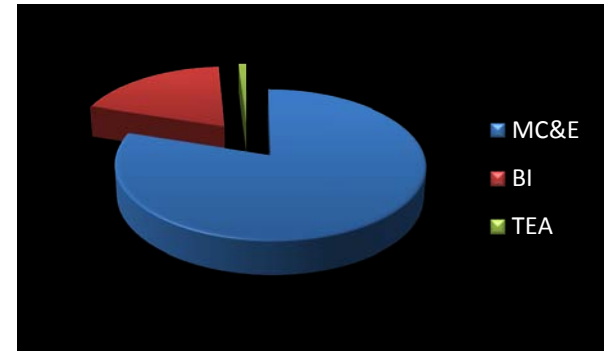


Revenue Spread

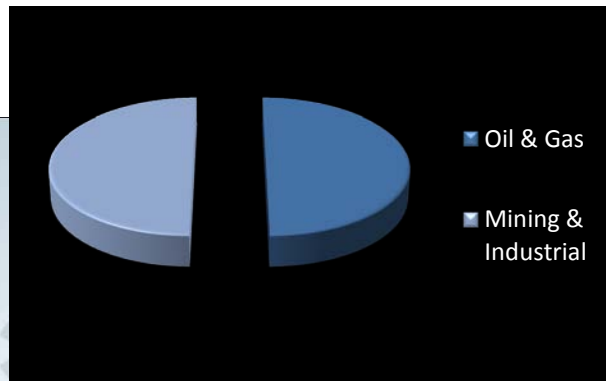
Sales by Industry FY010



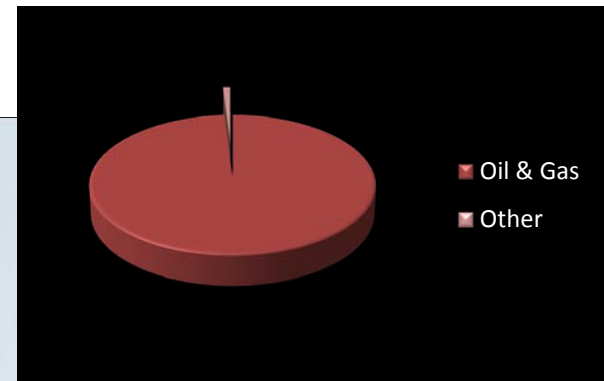
Sales by Division FY010



Heavy Engineering Sales by Industry FY010



Composite Materials Sales by Industry FY010



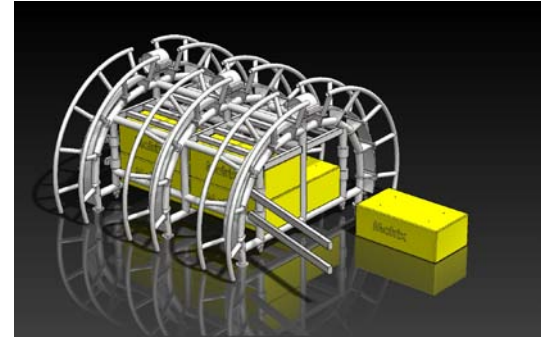
Human Resources

- ❖ Staff Numbers Exceeded 300 and throughout the last 12 months over 150 staff have been recruited.
- ❖ Manning up program for Henderson well underway.
- ❖ Several Key Appointments made during the period including operations management, business development and expansion of engineering sector.
- ❖ Retention rates up.
- ❖ AS 4801 compliant HSE system introduction started.
- ❖ EBA successfully negotiated



SURF Products

- ✦ Recent quotation activity indicates an increased demand for SURF related equipment including installation and production buoyancy, riser and pipeline ancillaries.
- ✦ Several orders won for ROV buoyancy, Bend Restrictors, clamping systems, and Impact protection.
- ✦ New products in development including a new range of insulation materials for subsea applications.
- ✦ Mid Water Arch Study Completed with Worley Parsons.



Engineering Division

- ✖ Several new offshore service contracts executed for Drilling contractors over the 2010 calendar year.
- ✖ Full year result was on target despite difficult trading conditions.
- ✖ Frame agreement in place with a large local operator for well construction equipment yielded several major orders.
- ✖ Re-Tooling of the heavy machine shop with state of the art machining centres is likely to improve productivity and maintain competitiveness.



Product Development - LNG

- ❖ Pre-production testing due to commence in November
- ❖ Opportunities identified include Gorgon, Macedon, Wheatstone and the INPEX Ichthys project
- ❖ Product range includes pre-moulded insulation for bends, elbows and straight sections.
- ❖ Several new insulation products under development.



Henderson

- ✖ Stage 1 commissioning in late Q2 FY011
- ✖ Major equipment installation underway
- ✖ Visits by major international customers generated significant interest
- ✖ Substantial orders already secured into FY012.



Henderson



Henderson

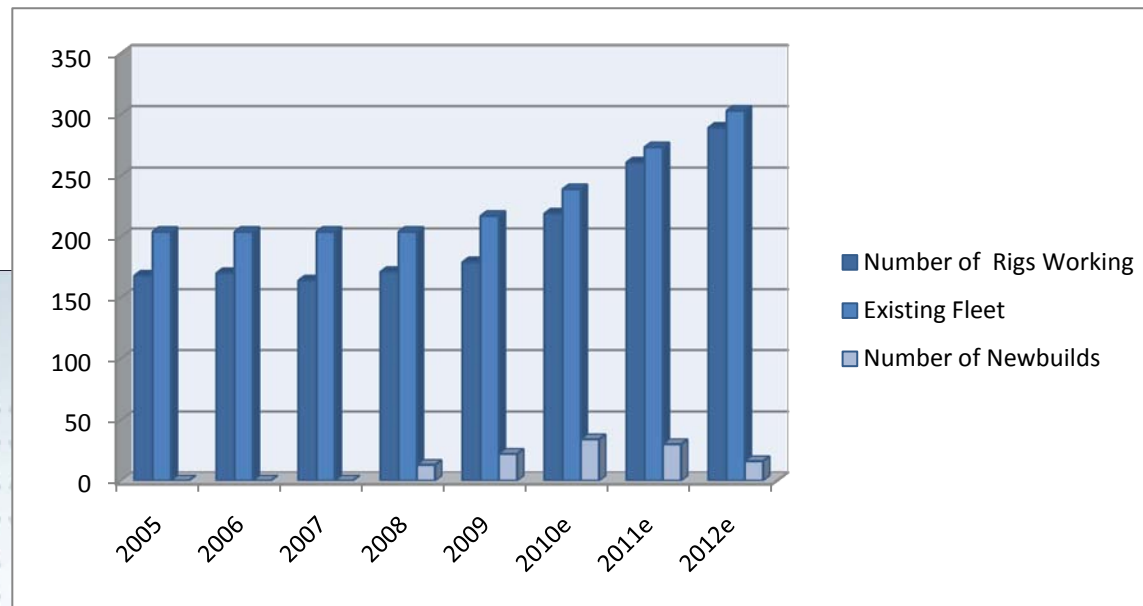


Henderson



Outlook

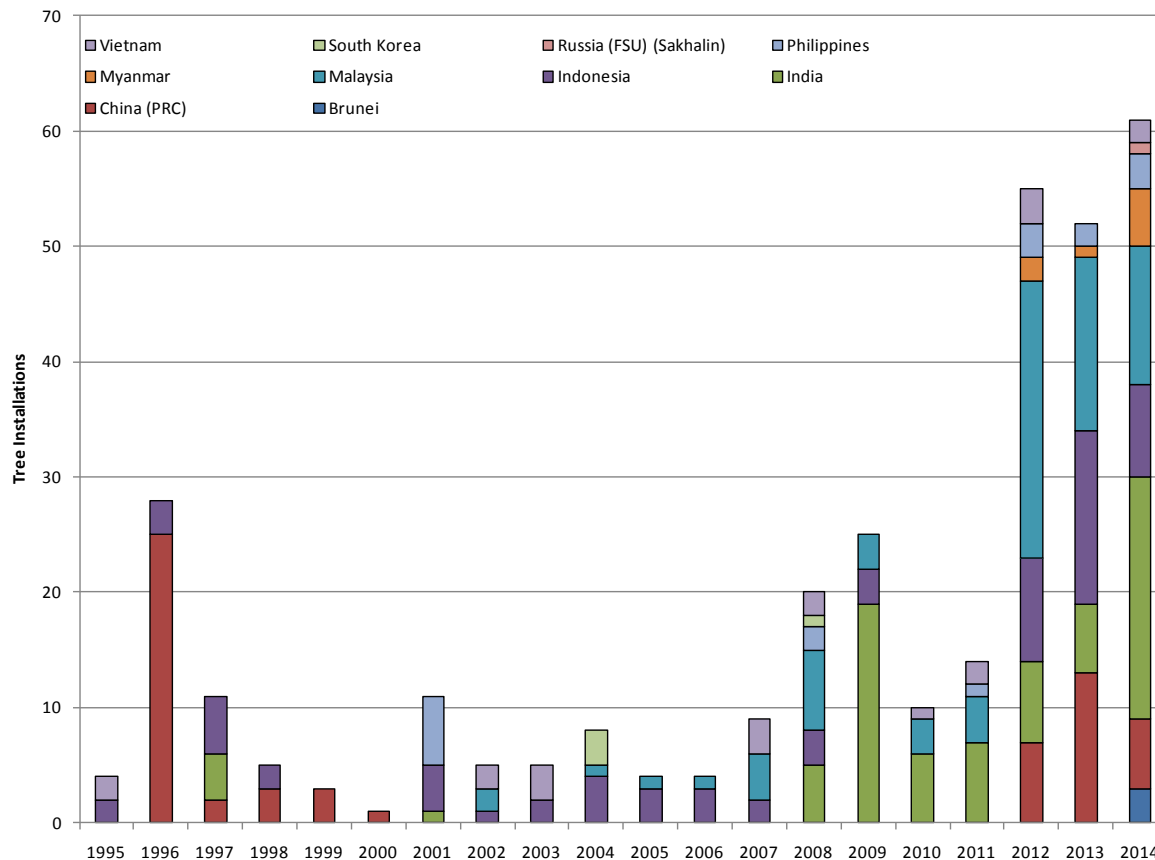
- ✖ Regional subsea market set for significant growth in 2012, leading to likely upswing in equipment orders in 2011.
- ✖ Several Major Western Australian projects, Gorgon, Wheatstone, Browse likely to contribute significantly to insulation and subsea, insulation and downhole product lines.
- ✖ Active Deepwater Rig Fleet expanding.
- ✖ Strong order book going into FY011, with several orders booked for FY012.



Source : MC&E Marketing Dept Rig Fleet Research Study June 2010

Outlook

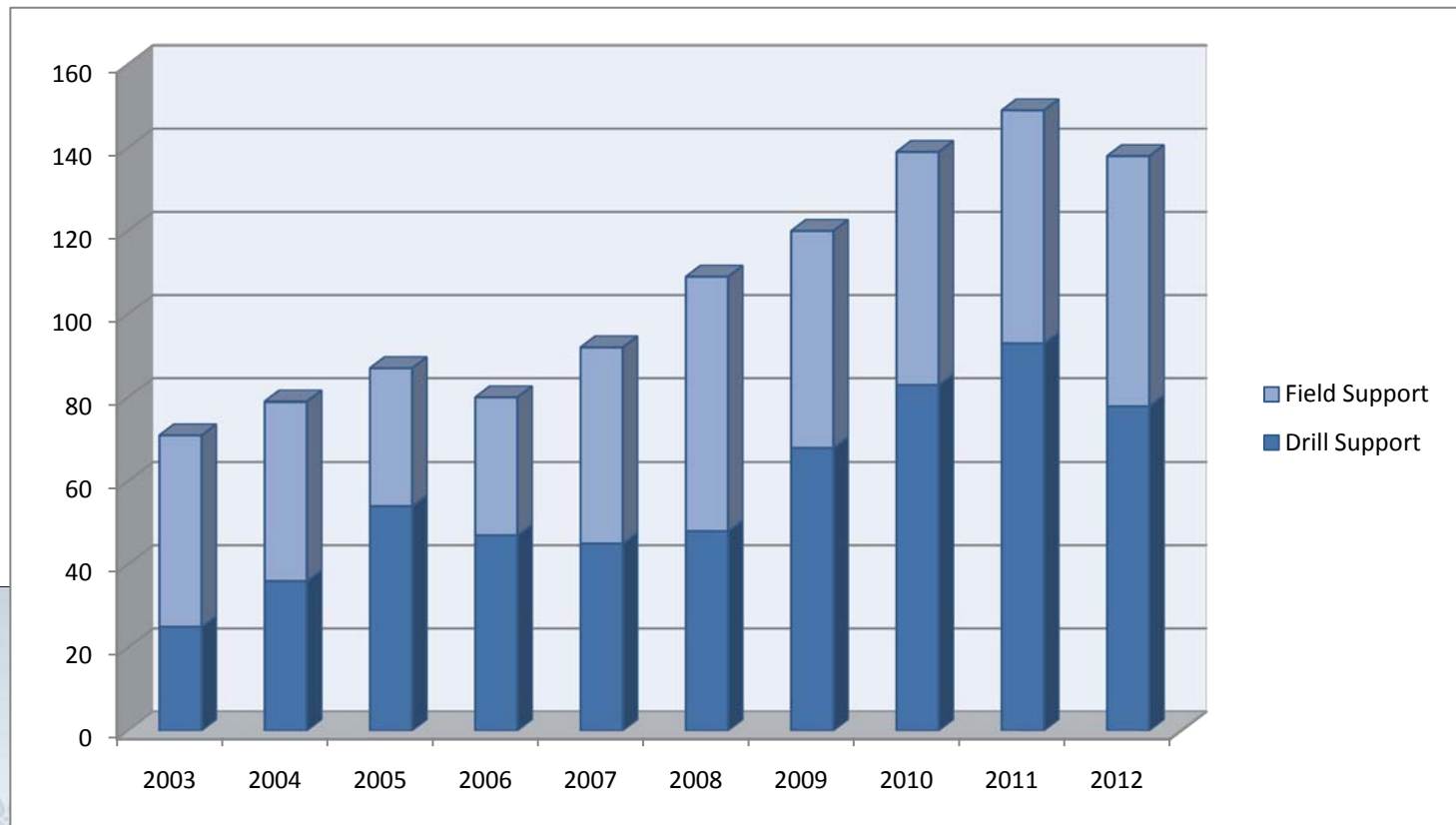
- ✿ Regional subsea market set for significant growth (+400%) in 2012, leading to likely upswing in equipment orders in 2011.



Source : infield : Subsea Asia 2010

Outlook

✦ Strong Growth in Secondary Markets such as ROV newbuilds



Source : Douglas Westwood , The World ROV Market Report 2008-2012

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