

# APPENDIX 4E

**Results for announcement to the Market**

**Matrix Composites & Engineering Ltd**

Preliminary Final Report for the Year Ended 30 June 2012

## Results for announcement to the market

## Appendix 4E

Preliminary Final Report  
Period Ended 30 June 2012

Name of entity

Matrix Composites &amp; Engineering Ltd

ABN or equivalent company reference

009 435 250

Period ended ('Current Period')

30 June 2012  
Previous corresponding period: 30 June 2011*Extracts from this report for announcement to the market*

				\$000s
Revenues from ordinary activities	down	17.1%	to	144,812
Loss from ordinary activities after tax attributable to members	down	147.8%	to	(14,445.7)
Net loss after tax for period attributable to members	down	147.8%	to	(14,445.7)
<b>Dividends (distributions)</b>	<b>Amount per security</b>		<b>Franked amount per security</b>	
Final dividend	Nil		Nil	
Interim Dividend	2.0 cents per share		2.0 cents per share	
Record date for determining entitlements to the dividend	<i>Not applicable</i>			
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
<i>Not applicable</i>				

**Commentary on Results**

For commentary on the results of Matrix Composites & Engineering Ltd refer to the announcement relating to the release of the Matrix Composites & Engineering Ltd results in conjunction with the details and explanations provided herewith and in the accompanying financial statements.

**Ratios and Other measures**

**NTA backing**

Net tangible asset backing per ordinary security

Current Period	Previous corresponding Period
\$1.25	\$1.47

**Dividends**

Date the dividend is payable

<i>Not applicable</i>
-----------------------

Record date to determine entitlements to the dividend

<i>Not applicable</i>
-----------------------

**Amount per security**

Final Dividend:

Current year

Previous year

Interim Dividend:

Current year

Previous year

Amount per security	Franked amount per security
nil	nil
5.0 cents per share	5.0 cents per share
2.0 cents per share	2.0 cents per share
3.0 cents per share	3.0 cents per share

**Total Dividends**

Total Dividend:

Current year

Previous year

Amount per security	Total amount (\$000s)
2.0 cents per share	1,541.6
8.0 cents per share	6,150.3

**Control gained over entities having material effect**

During the year ended 30 June 2012 there was no control gained over entities having material effect on the financial results or financial position of the Consolidated Entity.

**Loss of control of entities having material effect**

During the year ended 30 June 2012 there was no loss of control over entities having material effect on the financial results or financial position of the Consolidated Entity.

This report is based on accounts that have been audited.

## ASX RELEASE

16 August 2012

### **A YEAR OF TRANSITION – BUILDING A SOLID FOUNDATION FOR FUTURE GROWTH**

Matrix Composites & Engineering Ltd (ASX: MCE) today announced its full year financial results for FY2012 which are in line with guidance provided in May 2012. The Company reported a 17.1 per cent decrease in revenue to \$144.8 million (FY11: \$174.6 million) and a net operating loss after tax of \$14.4 million (FY11: \$30.2 million NPAT). FY2012 was a year of transition for Matrix as it completed the commissioning of its new plant in Henderson, WA and continued plant ramp-up achieving 90 per cent of target output in the first six weeks of Q1 FY2013. The Company also opened offices and warehouses in Rio de Janeiro and Houston and released new products into new markets. As of 1 August 2012, Matrix had a pipeline and quote book of USD\$757 million.

#### **Financial Results (FY12/ FY11)**

- Total group revenue - down 17.1 per cent to \$144.8 million
- EBITDA – down 126.7 per cent to \$(12.8) million
- Net (loss)/profit after tax (NPAT) - down 148 per cent to \$(14.4) million
- Earnings per share (EPS) - down 144 per cent (18.4) cents

#### **Operational Highlights**

- Closed composites manufacturing operations at Malaga, WA
- Completed transition of composites manufacturing to Henderson, WA
- Successful ramp up of Henderson plant to 72 per cent of target output by end of Q4 FY 2012, and continued strong operating performance
- Introduced innovative new products for onshore and offshore oil and gas development
- Strong growing order and quote book
- Strengthened global network
- Strong and stable earnings from the Matrix Offshore Services and Engineering division
- Successful capital raising of \$35.3 million (net of costs).

#### **Banking Facilities**

As at 30 June 2012 Matrix breached its Operating Leverage ratio. Subsequent to 30 June 2012 the Company's bank has issued a waiver of its rights in relation to this breach and provided Matrix with increased facilities to operate its business. As a result of this breach, the technical operation of Australian Accounting Standards requires Matrix to temporarily reclassify all of its debt facilities at 30 June 2012 as current liabilities. The impact of the new facilities is that approximately \$20 million of current debt has been reclassified as non-current subsequent to 30 June 2012.

## **2012 – A Year of Transition**

The Company's FY12 net loss after tax of \$14.4 million (FY11: \$30.2 million NPAT) was significantly impacted by 'atypical' events including ramp-up delays at the Henderson facility which resulted in lower than anticipated production. The FY12 net loss after tax was also significantly impacted by duplicate costs as the business transitioned to new manufacturing facilities, and a strong appreciation of the Australian dollar against the US dollar. While the hedging strategies employed by Matrix seek to minimise the risk of exposure to short term fluctuations on individual contracts, the ongoing strength of the Australian dollar has resulted in a reduction in margins.

"2012 was a year of transition for Matrix with many of the challenges presented being 'one-offs' specific to this phase of our business. Our operations team have worked hard to overcome the operational challenges presented by the construction and commissioning phase and the plant is now operating at target production levels," says CEO Aaron Begley.

### **Dividend Payment**

The Directors have determined that the business needs to generate strong financial results to support a dividend payment. As such, a final dividend will not be declared for FY2012.

### **New Products & New Markets**

Matrix continued to gain strong recognition for its new and existing product lines within the global marketplace. The Company successfully launched three new innovative products into rapidly growing markets including thermoplastic centralisers (well construction product), distributed production buoyancy (SURF ancillary product) and the VersaSlab range of products which are 'standard' syntactic foam profiles and shapes used in a variety of subsea applications.

Despite the operational challenges faced throughout the year, Matrix continued to meet all of its client obligations and has attracted a number of new clients in new markets that are significant participants in the global oil and gas industry. These new clients reflect the strength of Matrix's position in the global marketplace and provide recognition of the company's investment in its facility in Henderson, WA.

### **Well Positioned for Future Growth**

With the Company's heavy capital investment phase complete and the Henderson plant achieving output in line with expectations, it is anticipated that Matrix will return to profitability. With 2012 being a year of transition, Matrix is well positioned for future growth in 2013 and beyond.

For further information contact:

Sophie Roe  
Investor Relations  
Matrix Composites & Engineering Ltd

Ph +61 8 9412 1200

E [investor@matrixengineered.com](mailto:investor@matrixengineered.com)

**Matrix Composites & Engineering**

Matrix designs, tests, manufactures, distributes and services of a range of engineered products used in the oil and gas, and resources industries. Matrix manufactures technically advanced products using composite and polymer materials that originate from the aerospace and defence industries. It is through the use of innovative and advanced materials technology that has given the Company a market leading position in the manufacture of riser buoyancy modules.

END.