

13 November 2009

Dear Shareholder,

Matrix Composites & Engineering Ltd (Matrix) has successfully closed its Initial Public Offering (IPO). It is with great pleasure that I welcome new shareholders and I thank our existing shareholders for their continued support.

I would like to take this opportunity to outline the Australian Securities Exchange (ASX) listing and provide a brief update on our business.

### **ASX Listing**

The IPO successfully raised a total of \$15 million through the issue of 15,000,000 shares at \$1.00 per share. Matrix's IPO is the fourth largest IPO in Australia this year and the Board is proud of this achievement.

Matrix expects to list on the ASX on 16 November 2009 at 10.00am (WST). The shares will trade under the ASX code **MCE**. At the IPO issue price of \$1.00 per share Matrix will have a market capitalisation of \$64 million.

### **Business Update**

As stated in the Prospectus, the IPO proceeds will primarily be used in the development of a new production facility in Henderson, Western Australia.

I am very pleased to inform you that the contract for the Henderson site works has been awarded to the Georgiou Group and site works have commenced. I will keep you updated on progress at Henderson and expect to announce the award of the steel works contract shortly.

The Henderson development is an exciting step in the Matrix growth phase and will allow us to increase production capacity, improve margins and take advantage of growing global demand for our products.

Industry fundamentals for oil & gas and mining commodities remain strong. We continue to see evidence of the structural shift in the oil & gas sector towards deep water exploration and production. A major Brazilian oil & gas conglomerate recently announced that it has committed to 28 new drilling rigs for use in ultra-deep water exploration, effectively requiring 84,000 feet of buoyancy. As one of the world's largest manufacturers of syntactic foam buoyancy systems, Matrix is confident in the future demand for its products.

The outlook for the iron ore sector is also positive as reflected by the recent strength in iron ore spot prices. This bodes well for the performance of Matrix's Heavy Engineering division. Matrix is a leader in the provision of heavy material handling equipment to the iron ore industry such as car dumpers which are used to unload iron ore from wagons.

During a period of Australian dollar strength Matrix shareholders can take comfort that any potential revenue impact is offset by a combination of a natural business hedge and an active hedging policy.

Matrix's natural hedge exists as approximately 50% of input costs, such as chemicals and specialty components, are denominated in US dollars. This percentage will increase

following the Henderson development, where productivity improvements will reduce Australian dollar input costs such as wages and overheads. Matrix's currency hedging policy effectively manages the currency risk of each sale contract net of the natural hedge.

You can keep up to date with Matrix at our website [www.matrixap.com.au](http://www.matrixap.com.au) which will include our latest releases to the ASX.

On behalf of the Board I thank existing shareholders for your continuing support and welcome new shareholders.

Yours sincerely,



**Aaron Begley**  
**Chief Executive Officer**  
**Matrix Composites & Engineering**