



HYTEX INTEGRATED BERHAD

CHAIRMAN'S STATEMENT

(Extracted from Annual Report 2009)

On behalf of the Board of Directors of Hytex Integrated Berhad, I am pleased to present the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 March 2009.

Financial Performance

For the financial year under review, the Group recorded a turnover of RM145.763 million and a loss before tax of RM7.787 million. This compares with a turnover of RM152.614 million and a profit before tax of RM4.450 million for the previous financial year ended 31 March 2008.

Industry Trend and Development

It has been a difficult year for the Group due largely to the impact of the global financial crisis. This was in addition to the continuing intense competition in both the manufacturing and the retail sectors. These unfavorable conditions have impacted negatively the profitability of the Group.

While it is apparent that the Malaysian textile and apparels sector has been negatively affected by unfavorable global conditions, it is hopeful that the coming year will see improvements both in the economic environment and public sentiments.

The ability of Malaysian textile and apparels manufacturers to produce products which adhere to the stringent quality, delivery times and competitive prices demanded by the customers assures us that we will remain very much in demand. We are also continually seeking to improve our production techniques while remaining competitive.

We will continue to maintain the proven strategy of a sales mix of about 50% export market as an Original Equipment Manufacturer ("OEM") and about 50% local retail market as an Original Design Manufacturer ("ODM") and Original Brand Manufacturer ("OBM").

The Group's emphasis on the infant retail market will also be continued as it has been a major contributor to the total sales volume.

Dividend

The Board of Directors does not recommend the payment of any dividend for the financial year ended 31 March 2009.

Future Prospects

The coming year will continue to be a challenging one in light of the prevailing global economic uncertainties. The Group will however continue with its well proven philosophy of providing value and quality and this should help performance when the overall economic conditions improve in the coming financial period.

We will continue to look into cost cutting measures as well as maximize production capacity usage while rationalizing operations where necessary.

Necessary investment in technology to improve operational efficiencies will continue while market research will be carried out to enhance the Group's image in the market.

Acknowledgements

On behalf of the Board of Directors, I would like to extend our thanks and deepest appreciation to all our valued customers, bankers, business associates and shareholders for their continued support and confidence in the Group.

Our heartfelt thanks also to the management and staff of the Group for their dedication, hard work and sacrifices made during the year.

Sau Kim Hing @ Soo Kim Sin
Executive Chairman
4 September, 2009