

22 December 2009

**Hot Tuna (International PLC
("Hot Tuna" or "the Group"))**

Preliminary Results for the year ended 30 June 2009

Hot Tuna (International) PLC (AIM: HTT), a leading surf wear and fashion brand, announces its preliminary results for the year ended 30 June 2009. The Accounts and Notice of AGM have been posted to shareholders. Copies may be obtained during normal office hours from the Company's registered office, Level 5, 22 Arlington Street, London, SW1A 1RD or from the company's website: www.hottunapl.com.

The Annual General Meeting will take place on 18 January 2010 at 11.00 am at Level 5, 22 Arlington Street, London SW1A 1RD

Highlights

- Revenue increase 1.6% to £1,144,000 (2008: £1,126,000)
- Gross profit of £248,000 (2008: loss £27,000)
- Raised £860,000 during the year by issuing 283 million new shares
- UK & EU sales up 33% on last year
- Strong growth of the children's range in Australia
- Children's range to be rolled out into the UK & Europe in 2010
- Interest from new markets which may result in new distributor agreements
- Geoff O'Connell appointed to the board in May 2009

Commenting on the results, Geoff O'Connell, CEO, said *"Although over the past year the retail trading environment was challenging, we have worked hard to simplify the corporate structure and reduce our operating costs. This has resulted in a more streamlined and higher margin business.*

We are excited about the new collection, which has seen a real return to the heritage of the brand, and strong focus on the iconic piranha logo. The range has been well received by customers in all regions, particularly the southern hemisphere, and we are confident that the combination of delivering the right product, to the right buyers across all our territories will continue to deliver solid revenue growth.

We are positive about the outlook for 2010 and go forward confidently."

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Overview

This report covers the company's trading results for the year ending 30 June 2009. These results should be read in the context in which they are set, with significant board and operational changes occurring during the year. As a Board we are delighted with the progress to date, and wish to thank all our staff for their continued efforts to deliver the right product, at the right time to the right market.

The fundamentals of this business are far stronger than they were twelve months ago, referring not only to the income statement, but also to the new and exciting designs which are being widely praised in all product sectors, across all geographies. Despite the challenges of a recession, I believe that we start 2010 much stronger as a business. We have reduced overheads, including a Board restructuring and increased gross profits. We are currently enjoying a satisfactory level of sales and are building up a very promising pipeline through both our existing and new distribution partners.

Financial

The company faced a challenging year in which access to capital to fund our production was restricted. This has impacted turnover for the year ended June 30 2009 which was £1.144m (2008: £1.126m).

Given the limited access to capital, the Group embarked on a cost cutting programme focusing on reducing cost of sales and general and administrative expenses. As a result the Group is able to report a gross profit of £248,000 (2008: loss £27,000) and a 56 per cent reduction in the Group's operating loss for the year currently at £1.337m (2008: loss of £3.072m).

The Group's loss after tax for the year was £ 2.267 million (2008: loss of 5.770 million) which is mainly attributable to the £0.889 million amortisation of intangible assets (2008: £2.588 million). We would like to welcome new institutional shareholders and thank both them, and existing shareholders, for their support.

During the year a total of 283 million shares were issued at an average weighted price of 0.3 pence per share totalling £0.86 million. The funds were utilised to develop current product offering, further penetrate our existing markets, and for general working capital purposes.

Operational

The company has undergone significant corporate restructuring in the past year in order to reduce operating costs and simplify the structure; this has resulted in a much leaner and higher margin business.

UK & EU

The UK & EU market showed a strong growth in turnover this year, up 33 per cent. This was due to the take up of several ranges by department stores in UK and Germany. The men's and women's ranges showed the greatest growth in these regions.

Australia

Australia suffered an overall dip in revenue of 3.6 per cent, as a result of withdrawing the women's swim range due to capital constraints. The children's range continued to show strong growth in national retailers and showed an increase in independent stockists.

US

The US market has showed a small increase in sales of 7.1 per cent. This was driven by the success of the women's swim range. We were able to lower the cost of local manufacturing increasing our gross profit above our targets. As in Australia capital constraints prevented us from delivering the growth in sales we envisaged.

Outlook

The business has undergone significant restructuring and this has helped the company dramatically reduce its costs and resulted in a more streamlined and efficiently run business. In the following year we aim to either maintain or further reduce this cost base.

By reducing the range to the core products of men's board shorts and t-shirts, women's swimwear, fashion tops and bottoms, and refocusing the designs back to the heritage of the brand and the iconic Piranha logo, we have produced the strongest range in years. The core ranges will be an 80/20 range, where by 80 per cent of the range will be global and 20 per cent can be 're-worked' for the local market. A new tiered pricing structure is more appealing to a broader market enabling greater market penetration than before.

The new collections have had a strong up take for the coming season, across all regions with new national retailers and e-tailers taking the product for the first time. In particular if the programme of rolling out the men's range into the brands home market of Australia is successful, we will see a significant uplift in revenues. The reintroduction of the profitable swim range, absent from the Australian market last year, will also boost revenues. The European market will see the introduction of the children's range with the additional capital to support growth in new European sectors. We have also seen interest from new regions where the company is currently not trading; these areas will be explored and could result in possible license or distributor agreements being reached.

On behalf of the Board of Directors, we would like to thank all employees for their tremendous efforts over the past year, and the work they have undertaken in our journey to restore Hot Tuna to its rightful place.

Geoff O'Connell
Chief Executive Officer
21 December 2009

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	NOTES	Year ended 30/06/09 £000's	Year ended 30/06/08 £000's
Revenue	1	1,144	1,126
Cost of sales		(896)	(1,153)
Gross profit/(loss)		248	(27)
Selling and marketing expenses		(138)	(452)
General and administrative expenses		(1,388)	(2,642)
Depreciation	12	(64)	(58)
Loss from operations before exceptional items	3	(1,342)	(3,179)
Impairment of intangible assets	10,11	(889)	(2,588)
Investment income	5	1	41
Loss on disposal of property, plant and equipment	3	(14)	(4)
Finance costs	6	(23)	(38)
Loss before tax		(2,267)	(5,770)
Tax	7	-	-
Loss after tax		(2,267)	(5,770)
Loss for the year		(2,267)	(5,770)
Attributable to:			
Equity holders		(2,267)	(5,770)
Minority interest		-	-
		(2,267)	(5,770)
Loss per share			
Basic and diluted	9	(1.18) pence	(6.47) pence

The Company's loss for the year ended 30 June 2009 was £1.34 million (2008: £9.91 million loss). The Company is exempt from publishing its own income statement under section 408 of the Companies Act 2006.

CONSOLIDATED AND COMPANY BALANCE SHEET AS AT 30 JUNE 2009

	NOTES	2009 Group £000's	2009 Company £000's	2008 Group £000's	2008 Company £000's
ASSETS					
Non-current assets					
Goodwill	10	-	-	207	-
Other intangible assets	11	495	495	2,650	495
Property, plant and equipment	12	57	-	119	9
Investments	13	-	3	-	1,968
		552	498	2,976	2,472
Current assets					
Inventories	15	281	-	331	-
Trade and other receivables	16	380	118	426	23
Cash and cash equivalents		29	16	-	-
		690	134	757	23
TOTAL ASSETS		1,242	632	3,733	2,495
LIABILITIES					
Current liabilities					
Borrowings	14	-	-	35	90
Trade and other payables	17	1,060	429	557	215
Convertible loan note	18	169	169	184	184
		1,229	598	776	489
Non-current liabilities					
		-	-	-	-
		-	-	-	-
TOTAL LIABILITIES		1,229	598	776	489
NET ASSETS		13	34	2,957	2,006
EQUITY					
Share capital	20	28	28	1,533	1,533
Deferred share capital	20	1,795	1,795	-	-
Share premium reserve		10,240	10,240	9,619	9,619
Share-based payment reserve		2,308	2,308	2,308	2,308
Merger reserve		-	-	1,474	1,474
Warrant reserve		238	238	295	295
Foreign exchange reserve		6	-	63	-
Retained loss		(14,602)	(14,575)	(12,335)	(13,223)
Equity attributable to equity holders of the parent		13	34	2,957	2,006
Minority interest		-	-	-	-
TOTAL EQUITY		13	34	2,957	2,006

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

CONSOLIDATED	Share capital	Deferred Share Capital	Share premium account	Share-based payment reserve	Foreign Exchange Reserve	Merger reserves	Warrant reserve	Retained loss	Total	Minority interest	Total equity
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<i>Balance at 1 July 2008</i>	1,533	-	9,619	2,308	63	1,474	295	(12,335)	2,957	-	2,957
Loss for the year	-	-	-	-	-	-	-	(2,267)	(2,267)	-	(2,267)
Exchange differences arising on translation of overseas operations	-	-	-	-	(57)	-	-	-	(57)	-	(57)
Total recognised income and expense for 2009	-	-	-	-	(57)	-	-	(2,267)	(2,324)	-	(2,324)
Share capital issued	290	-	573	-	-	-	-	-	863	-	863
Reorganisation of share capital	(1,795)	1,795	-	-	-	-	-	-	-	-	-
Costs of share issue and conversion	-	-	(9)	-	-	-	-	-	(9)	-	(9)
Write – off of Intangibles	-	-	-	-	-	(1,474)	-	-	(1,474)	-	(1,474)
Warrants expired	-	-	42	-	-	-	(42)	-	-	-	-
Warrants exercised	-	-	15	-	-	-	(15)	-	-	-	-
<i>Balance at 30 June 2009</i>	28	1,795	10,240	2,308	6	-	238	(14,602)	13	-	13
COMPANY											
<i>Balance at 1 July 2008</i>	1,533	-	9,619	2,308	-	1,474	295	(13,223)	2,006	-	-
Loss for the year	-	-	-	-	-	-	-	(1,352)	(1,352)	-	-
Total recognised income and expense for 2009	-	-	-	-	-	-	-	(1,352)	(1,352)	-	-
Share capital issued	290	-	573	-	-	-	-	-	863	-	-
Reorganisation of share capital	(1,795)	1,795	-	-	-	-	-	-	-	-	-
Costs of share issue and conversion	-	-	(9)	-	-	-	-	-	(9)	-	-
Write-off of Investments	-	-	-	-	-	(1,474)	-	-	(1,474)	-	-
Warrants expired	-	-	42	-	-	-	(42)	-	-	-	-
Warrants exercised	-	-	15	-	-	-	(15)	-	-	-	-
<i>Balance at 30 June 2009</i>	28	1,795	10,240	2,308	-	-	238	(14,575)	34	-	-

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

CONSOLIDATED	Share capital	Deferred Share Capital	Share premium account	Share-based payment reserve	Foreign Exchange Reserve	Merger reserves	Warrant reserve	Retained loss	Total	Minority interest	Total equity
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<i>Balance at 1 July 2007</i>	774	-	9,611	2,267	54	1,474	800	(7,309)	7,671	-	7,671
Loss for the year	-	-	-	-	-	-	-	(5,770)	(5,770)	-	(5,770)
Exchange differences arising on translation of overseas operations	-	-	-	-	9	-	-	-	9	-	10
Total recognised income and expense for 2008	-	-	-	-	9	-	-	(5,770)	(5,761)	-	(5,760)
Loan conversion and share issue	759	-	306	-	-	-	-	-	1,065	-	1,065
Costs of share issue and conversion	-	-	(60)	-	-	-	-	-	(60)	-	(60)
Warrants subscribed	-	-	(239)	-	-	-	239	-	-	-	-
Warrants expired	-	-	-	-	-	-	(744)	744	-	-	-
Employee share option scheme	-	-	-	41	-	-	-	-	41	-	41
<i>Balance at 30 June 2008</i>	<u>1,533</u>	<u>-</u>	<u>9,619</u>	<u>2,308</u>	<u>63</u>	<u>1,474</u>	<u>295</u>	<u>(12,335)</u>	<u>2,957</u>	<u>-</u>	<u>2,957</u>
COMPANY											
<i>Balance at 1 July 2007</i>	774	-	9,611	2,267	-	1,474	800	(4,055)	10,872		
Loss for the year	-	-	-	-	-	-	-	(9,912)	(9,912)		
Total recognised income and expense for 2008	-	-	-	-	-	-	-	(9,912)	(9,912)		
Loan conversion and share issue	759	-	306	-	-	-	-	-	1,065		
Costs of share issue and conversion	-	-	(60)	-	-	-	-	-	(60)		
Warrants Subscribed	-	-	(239)	-	-	-	239	-	-		
Warrants expired	-	-	-	-	-	-	(744)	744	-		
Employee share option scheme	-	-	-	41	-	-	-	-	41		
<i>Balance at 30 June 2008</i>	<u>1,533</u>	<u>-</u>	<u>9,619</u>	<u>2,308</u>	<u>-</u>	<u>1,474</u>	<u>295</u>	<u>(13,223)</u>	<u>2,006</u>		

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Group 2009 £000's	Company 2009 £000's	Group 2008 £000's	Company 2008 £000's
Operating loss	(2,267)	(1,352)	(3,181)	(7,324)
Investment income	(1)	(1)	(41)	(39)
Finance costs	23	20	39	38
Depreciation	64	2	57	5
Share based payment	-	-	41	41
Impairment	888	491	-	-
Foreign exchange loss	(73)	2	9	-
Loss on disposal	14	6	4	3
Operating cash flows before movements in working capital	(1,352)	(832)	(3,072)	(7,276)
Decrease/(increase) in inventories	50	-	68	-
Decrease/(increase) in receivables	46	(95)	98	4,387
Increase in payables	503	199	60	48
NET CASH FROM OPERATING ACTIVITIES	(753)	(728)	(2,846)	(2,841)
Investment income	1	1	41	39
Finance costs	(23)	(20)	(38)	(38)
Net cash flow from operating activities	(22)	(19)	(2,843)	(2,840)
Cash flow from investing activities				
Purchase of property, plant and development	-	-	(56)	(1)
Net cash flow from investing activities	-	-	(56)	(1)
Cash flow from financing activities				
Net proceeds from issue of share capital	853	853	1,005	1,005
Repayment of convertible loan notes	-	-	(33)	(33)
Net cash from financing activities	853	853	972	972
Net cash inflow	78	106	(1,927)	(1,869)
Foreign exchange differences on translation	(14)	-	-	-
Cash and cash equivalents at start of period	(35)	(90)	1,892	1,779
Cash and cash equivalents at the end of the period	29	16	(35)	(90)

The above financial information comprises non-statutory accounts within the meaning of section 240 of the Companies Act 1985. The financial information for the year ended 30 June 2009 has been extracted from published accounts for the year ended June 2009 that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified and did not contain statements under s237 (2) or (3) of the Companies Act 1985.

For full notes to the financial results, please see the Annual Report and Accounts, available for download from the Company's website: www.hottunapl.com"

