



18 May 2011

**BLINKX PLC ANNOUNCES RESULTS FOR THE YEAR ENDED
31 MARCH 2011**

Strong topline momentum, with sales up 96%, drives profitable growth

*blinkx's preliminary results conference call will be webcast live at www.blinkx.com on
18 May 2011, at 9:30 a.m. BST/4:30 a.m. EDT/1:30 a.m. PDT*

Cambridge, England and San Francisco, CA – 18 May 2011 - blinkx PLC (AIM: BLNX), the world's largest video search engine, today reported unaudited financial results for the year ended 31 March 2011.

Financial Summary:

	Year ended 31 March 2011 (unaudited)	Year ended 31 March 2010
	\$'000	\$'000
Revenue	66,102	33,664
Gross profit	43,156	21,927
Profit / (loss) from operations before acquisition costs*	7,225	(8,954)
Profit / (loss) from operations	6,050	(8,954)
Profit / (loss) for the year before acquisition costs*	8,807	(8,515)
Profit / (loss) for the year	7,632	(8,515)
Earnings / (loss) per share	Cents	Cents
Adjusted basic*	2.76	(2.94)
Basic	2.39	(2.94)
Adjusted diluted*	2.69	(2.94)
Diluted	2.33	(2.94)
	\$'000	\$'000
Cash generated by / (used in) operating activities	8,435	(10,600)
Cash balance	52,809	14,579

*Excludes costs of \$1.2m related to the acquisition of Burst Media Corporation ("Burst") incurred prior to the year end, which completed post year end on 9 May 2011. (FY2010: nil).

Highlights:

- Revenue increased over 96% from FY2010 to \$66.1m
- Profit from operations before acquisition costs up \$16.2m from a loss of \$9.0m in FY2010 to a profit of \$7.2m in FY2011
- Net cash generated by operating activities of \$8.4 m (FY2010: \$-10.6m cash used by operations)
- Video streams in the UK and US grew by over 155% (comScore)
- Average Daily Video Search run rate increased to 44.5 million searches per day in H2 FY2011
- Continued growth of AdHoc advertising platform, with new clients including Kleenex, Mercedes, and American Express
- Introduction of blinkx Internet TV API and new distribution agreements with Boxee, Google TV, Amino and Woomi increase blinkx's footprint in the OTT and Internet TV space
- Launch of blinkx Mobile API opens blinkx Video Index to distribution partners, and agreements with Samsung and Evri bring blinkx to iPhone and further Android devices

- Raised gross proceeds of \$31.2m in the year from equity issue
- Acquisition of Burst Media (announced in April 2011) for an aggregate consideration of \$30m completed in early May 2011

Commenting on the preliminary results Suranga Chandratillake, founder and CEO of blinkx, said: “We’re delighted to report another strong performance this year delivering results ahead of analyst consensus on all key metrics. We have maintained powerful momentum in the business, with revenue increasing over 96% on the prior year and a movement into a position of full year profitability with robust cash flow.

This achievement was driven by a number of factors, including the robust growth of traffic on the blinkx site and the ongoing success of our advertising platform, AdHoc, in attracting new and repeat advertising customers such as Kleenex and Microsoft. During the year we also continued to expand our cross-platform distribution initiatives, through partnering with industry leaders like Samsung, the launch of blinkx mobile and the release of our Application Programming Interface for the Internet TV space.”

Mr. Chandratillake continued: “While we continue to draw an ever larger global audience through a growing number of distribution points, increasing our video streams by more than 155% over the year, we also recently announced the acquisition of Burst Media. This exciting development will allow us to bring blinkx’s 35 million hours of online video and TV to Burst’s network of over 157 million unique users. It will fuse our unique patented technology and large video index with Burst’s massive reach, and enable us to create personalised, online television that is watched by hundreds of millions of users.

Video ads remain the fastest-growing online ad format, and, in recent research, eMarketer has forecast that the market will be worth \$5.7 billion by 2014 up from \$1.4 billion in 2010. blinkx is ideally positioned in this sector, and, while we are mindful of uncertainties in the broader economic environment, we believe we have established a robust foundation from which to generate strong growth in revenues and profits, and realize the potential of the Burst acquisition.”

Financial Highlights

For the year ended 31 March 2011 (FY 2011), revenue totaled \$66.1 million increasing 96% over the \$33.7 million in revenue reported for the year ended 31 March 2010 (FY 2010). Gross profit for FY 2011 was \$43.2 million representing a gross margin of 65.3% (FY 2010: \$21.9 million, representing a gross margin of 65.1%).

Net income for FY 2011 was \$7.6 million and \$8.8 million before acquisition costs of \$1.2 million (FY 2010: net loss of \$8.5 million). Before acquisition costs, adjusted basic earnings per share in FY 2011 was 2.76 cents. Basic earnings per share for FY 2011 was 2.39 cents and diluted earnings per share was 2.33 cents (FY 2010: loss per share of 2.94 cents).

Although total R&D costs decreased to \$8.2 million in FY 2011 (FY 2010: \$10.6 million), direct R&D staff costs increased and headcount in the department grew by 10%. The decrease in R&D costs from FY 2010 to FY 2011 was primarily attributable to reduced costs achieved through operational efficiencies and one-time costs in FY 2010 not repeated in the current fiscal year. Costs relating to the acquisition of Burst amounted to \$1.2 million in the year. The transaction was completed post year end.

blinkx’s cash balance at 31 March 2011 was \$52.8 million (31 March 2010: \$14.6 million). Cash generated by operating activities for FY 2011 was \$8.4 million (FY 2010: cash used of \$10.6 million). In October 2010 blinkx raised gross proceeds of \$31.2 million through an equity issue. The Board believes that the company’s cash resources are best applied to the future strategic development of the business and consequently will not be recommending a dividend for FY2011.

Burst Acquisition

On 9 May 2011, blinkx completed its acquisition of Burst Media Corporation, an online media and technology company, for an aggregate consideration of US\$30 million. Working with web publishers and advertisers, Burst enables brands to reach loyal, vertically targeted audiences in a quality-assured environment. Burst's network of publishing partners reaches over 65 percent of the US online population. It ranks as the 36th largest US media property and the 30th largest UK media property on the internet (source: comScore Media Metrix December 2010).

The acquisition of Burst will enable blinkx to expand the reach of its video search and advertising offering across Burst's extensive network of independent publishers. Over time, the combination of the two companies will potentially bring blinkx's 35 million hours of online video and TV to Burst's audience of over 157 million unique users (source: comScore Media Metrix December 2010). blinkx aims to create contextually relevant video channels for Burst's network of publishers, thereby aggregating an online video audience for advertisers which could rival the scale of television networks. As highlighted at the time of the acquisition, and based on targeted changes to focus the Burst business and its expected go forward annualized revenue run rate of \$33 million, Burst should contribute approximately \$29 million in revenues for the ten and one half months of operations in fiscal 2012, with revenues weighted towards the second half of the year as commercial benefits of the integration are realised. blinkx expects to recognize restructuring charges of \$3 million-5 million related to the transaction in FY 2012.

blinkx directors believe that Burst's publishers and advertisers will directly benefit from the financial resources, technology leadership and additional customer-facing strengths in sales and support provided by blinkx. The display banner advertising currently sold on Burst's networks attracted an average Cost Per Mille (CPM) of US\$1.49 over the year ended 31 December 2010; in contrast, blinkx's standard, untargeted video pre-rolls were priced at a CPM of US\$20 in 2010. blinkx directors believe that the combined group will be able to realise some of the differential between these two rates and share the resulting value with its publishers. Given the combined offering should also deliver an improved, richer experience for end users, blinkx directors consider the acquisition a win-win-win proposition for users, publishers and advertisers.

Customer and Business Developments

blinkx's targeted advertising products have continued to win campaigns from top global brands. Brands such as Honda, Microsoft and Revlon booked campaigns through leading agencies, including Starcom Mediavest, Ogilvy and McCann Erickson. This year, the success of blinkx's contextual advertising platform, AdHoc, was also evidenced in new customer wins through a partnership with the ITN Premium News Network to deliver targeted advertising, packaged around ITN video content.

Over the last 12 months, blinkx made significant advances in its cross-platform distribution initiatives, attracting top tier partners from the Internet TV and mobile arenas. blinkx content is now easily accessible through applications on a number of industry leading devices, including Google TV, Boxee and Samsung's Galaxy Tab and Galaxy S handset.

In addition, blinkx continued to expand its roster of premier media partnerships with the addition of popular content from TVGuide, the BBC, Bloomberg and Hulu in the past year.

Product and Technology Developments

While economies of scale and efficiencies enabled the company to reduce infrastructure costs, blinkx reaffirmed its commitment to the research and development of cutting edge technology by increasing engineering headcount by 10% over the year. The growth of the research and development team helped expedite development of cross-platform initiatives, including the release of blinkx's Mobile and Internet TV Application Programming Interfaces (APIs). The APIs are designed to provide partners in the fast-growing Internet TV and mobile ecosystem – from handheld device and TV manufacturers, to app developers and game consoles – access to blinkx's index of over 35 million hours of online video.

About blinkx PLC

blinkx plc (AIM: BLNX) is the world's largest and most advanced video search engine. Today, blinkx has indexed more than 35 million hours of audio, video, viral and TV content, and made it fully searchable and available on demand. blinkx's founders set out to solve a significant challenge – the growing amount of TV and user-generated content on the Web means keyword-based search technologies only scratch the surface. blinkx's patented search technologies listen to—and even see—video on the Web, helping users enjoy a breadth and accuracy of search results not available elsewhere. In addition, blinkx powers the video search for many of the world's most frequented sites. blinkx is based in San Francisco and Cambridge. More information is available at www.blinkx.com.

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BLINKX PLC
CONSOLIDATED INCOME STATEMENT (UNAUDITED)
Results for the year ended 31 March 2011

	Year ended 31 March 2011 (unaudited)	Year ended 31 March 2010
	\$'000	\$'000
Revenue: continuing operations	66,102	33,664
Cost of revenue	(22,946)	(11,737)
Gross profit	43,156	21,927
Operating expenses		
Research and development	(8,238)	(10,610)
Sales and marketing	(24,519)	(17,810)
Administrative expenses	(3,174)	(2,461)
Profit / (loss) from operations before acquisition costs*	7,225	(8,954)
Acquisition costs	(1,175)	-
Profit / (loss) from operations	6,050	(8,954)
Investment revenue	90	40
Profit / (loss) before taxation	6,140	(8,914)
Tax	1,492	399
Profit / (loss) for the year attributable to equity holders of the parent before acquisition costs*	8,807	(8,515)
Profit / (loss) for the year attributable to equity holders of the parent	7,632	(8,515)
Earnings / (loss) per share	Cents	Cents
Adjusted basic*	2.76	(2.94)
Basic	2.39	(2.94)
Adjusted diluted*	2.69	(2.94)
Diluted	2.33	(2.94)

*Excludes acquisition costs of \$1.175m. This relates to the acquisition of Burst Media Corporation ("Burst") incurred prior to the year end, which completed post year end on 9 May 2011. (FY2010: nil).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For year ended 31 March 2011

	Year ended 31 March 2011 (unaudited)	Year ended 31 March 2010
	\$'000	\$'000
Profit / (loss) for the year	7,632	(8,515)
Exchange difference on translation of foreign operations	871	703
Total comprehensive income for the year	8,503	(7,812)

BLINKX PLC
CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at 31 March 2011

	As at 31 March 2011 (unaudited)	As at 31 March 2010
	\$'000	\$'000
ASSETS		
Non-current assets		
Goodwill	2,417	2,417
Intangible assets	3,829	4,126
Property, plant and equipment	731	592
Other receivables	250	385
Deferred tax asset	1,683	-
	<u>8,910</u>	<u>7,520</u>
Current assets		
Trade receivables	8,896	7,221
Other receivables	2,326	1,651
Cash and cash equivalents	52,809	14,579
	<u>64,031</u>	<u>23,451</u>
Total assets	<u>72,941</u>	<u>30,971</u>
LIABILITIES		
Current liabilities		
Trade and other payables	(7,330)	(5,246)
Non-current liabilities		
Other payables	(197)	(222)
Total liabilities	<u>(7,527)</u>	<u>(5,468)</u>
Net assets	<u>65,414</u>	<u>25,503</u>
Shareholders' equity		
Share capital	6,398	5,964
Share premium account	86,443	56,345
Stock compensation reserve	9,968	9,280
Currency translation reserve	(7,542)	(8,413)
Merger reserve	(4,323)	(4,323)
Retained loss	(25,530)	(33,350)
Total equity	<u>65,414</u>	<u>25,503</u>

BLINKX PLC
CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
Results for year ended 31 March 2011

	Year ended 31 March 2010 (unaudited) \$'000	Year ended 31 March 2010 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) from operations	6,050	(8,954)
Adjustments for:		
Depreciation and amortisation	2,011	3,133
Share based payments	688	1,417
Foreign exchange losses/ (gains)	42	(545)
Operating cash flows before movements in working capital	8,791	(4,949)
Changes in operating assets and liabilities:		
Increase in trade and other receivables	(2,718)	(587)
Increase / (decrease) in trade and other payables	1,919	(5,064)
Cash generated by / (used in) operations	7,992	(10,600)
Income taxes received	443	-
Net cash generated by / (used in) operating activities	8,435	(10,600)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	90	40
Purchase of property, plant and equipment and intangible assets	(1,591)	(936)
Cash paid to purchase net assets, net of cash acquired	-	(3,928)
Costs incurred to purchase net assets	-	(305)
Net cash used in investing activities	(1,501)	(5,129)
CASHFLOWS FROM FINANCING ACTIVITIES		
Payments on finance lease	(24)	-
Proceeds from issuance of shares (net of costs)	30,532	7,696
Net cash generated by financing activities	30,508	7,696
Net increase / (decrease) in cash and cash equivalents	37,442	(8,033)
Beginning cash and cash equivalents	14,579	21,366
Effect of foreign exchange on cash and cash equivalents	788	1,246
Ending cash and cash equivalents	52,809	14,579

BLINKX PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the year ended 31 March 2011

	Ordinary share capital \$'000	Share premium account \$'000	Stock compensation reserve \$'000	Currency translation reserve \$'000	Sub-total \$'000
Balance as at 1 April 2009	5,487	49,126	7,863	(9,116)	53,360
Net loss for the year	-	-	-	-	-
Other comprehensive income	-	-	-	703	703
Total comprehensive income for the year	-	-	-	703	703
Issue of shares	477	7,219	-	-	7,696
Share based payments	-	-	1,417	-	1,417
Balance as at 1 April 2010	5,964	56,345	9,280	(8,413)	63,176
Net profit for the year	-	-	-	-	-
Other comprehensive income	-	-	-	871	871
Total comprehensive income for the year	-	-	-	871	871
Issue of shares, net of costs	434	30,098	-	-	30,532
Share based payments	-	-	688	-	688
Tax movement on share options	-	-	-	-	-
Balance as at 31 March 2011	6,398	86,443	9,968	(7,542)	95,267

	Sub-total forwarded \$'000	Merger reserve \$'000	Retained loss \$'000	Total \$'000
Balance as at 1 April 2009	53,360	(4,323)	(24,835)	24,202
Net loss for the year	-	-	(8,515)	(8,515)
Other comprehensive income	703	-	-	703
Total comprehensive income for the year	703	-	(8,515)	(7,812)
Issue of shares	7,696	-	-	7,696
Share based payments	1,417	-	-	1,417
Balance as at 1 April 2010	63,176	(4,323)	(33,350)	25,503
Net profit for the year	-	-	7,632	7,632
Other comprehensive income	871	-	-	871
Total comprehensive income for the year	871	-	7,632	8,503
Issue of shares, net of costs	30,532	-	-	30,532
Share based payments	688	-	-	688
Tax movement on share options	-	-	188	188
Balance as at 31 March 2011	95,267	(4,323)	(25,530)	65,414

BLINKX PLC
NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Basis of preparation

The financial information set out in the unaudited announcement does not constitute the Company's statutory accounts for the year ended 31 March 2011 or 31 March 2010, within the meaning of Section 435 of the Companies Act 2006. The audit of the statutory accounts for the year ended 31 March 2011 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this unaudited announcement and will be delivered to the Registrar of Companies following the Company's annual general meeting.

The financial information for the year ended 31 March 2010 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The Group's auditors issued a report on those financial statements that was unqualified and did not draw attention to any matters by way of emphasis and did not contain a statement under section 489 (2) or (3) of the Companies Act 2006.

The directors have considered the financial resources of the Group and the risks associated with doing business in the current economic climate environment and believe the Group is well placed to manage these risks successfully. In doing this the board has prepared a business plan and cash flow forecast setting out key business assumptions, including the rate of revenue growth, margins and cost control. The directors have considered these assumptions to be reasonable and that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.