18 May 2012

BLINKX PLC ANNOUNCES RESULTS FOR THE YEAR ENDED 31 MARCH 2012

Revenue grows 73% year-on-year to $114.4M, outpacing the growth of the online video advertising market by over 80%

blinkx's year end conference call will be webcast live at www.blinkx.com on 18 May, 2012, at 9:30 a.m. BST/4:30 a.m. EDT/1:30 a.m. PDT

Cambridge, England and San Francisco, CA – 18 May 2012 - blinkx PLC (BLNX.L), the world's largest video search engine, today reported financial results for the year ended 31 March 2012.

Financial Highlights

	Year ended 31 March 2012 (unaudited)	**Year ended 31 March 2011 (unaudited)**
	$'000	**$'000**
Revenues	114,397	66,102
Gross profit	60,493	43,156
Profit from operations – adjusted*	10,446	8,181
Profit from operations	1,640	6,050
Profit before tax – adjusted*	10,732	8,271
Profit before tax	1,926	6,140
Profit for the year – adjusted*	12,694	9,763
Profit for the year	3,888	7,632
Earnings per share	**Cents**	**Cents**
Basic – adjusted*	3.60	3.05
Basic	1.10	2.39
Diluted – adjusted*	3.52	2.99
Diluted	1.08	2.33

*adjusted for Burst and PVMG acquisition and related exceptional costs of $4.7m and amortization of purchased intangibles of $4.1m (2011: $1.2m acquisition and exceptional costs and $0.9m amortization of purchased intangibles). Exceptional costs are defined as non recurring costs incurred outside of the Group's normal operations. Acquisition costs are as defined in IFRS 3.

Highlights:

- Revenues increased by 73% to $114.4m, from $66.1 in FY2011
- Adjusted* profit from operations increased by 28% to $10.5m compared with $8.2m for FY2011
- Adjusted* profit for the year of $12.7m, compared with $9.8m for FY2011
- Profit for the year of $3.9m, compared with $7.6m for FY2012
- Cash balance was $38.4m compared to $52.8m at 31 March 2011, following acquisitions
- Announced premium content partnerships during the half with PERFORM, Future Publishing, the Bleacher Report, Cinesport, Rooftop Comedy and FashionTV
- Established new distribution agreements with Sony, Roku, Orb Networks and Aurasma increase blinkx's footprint in both the Mobile and Connected TV spaces
- Closed a video search syndication agreement with AOL to extend blinkx's audience reach, and enhance the blinkx index with AOL's premium video assets

- Added new brand advertising clients including Disney, IBM, JP Morgan and Lucozade
- Increased the blinkx audience reach substantially through acquisitions of Burst Media and Prime Visibility Media Group
- Launched five Burst-branded publisher channels, MomIQ, Ella, Stadium, Giant Realm and Ignition, to expand distribution for blinkx video
- Integrated blinkx's Internet Video Engine with PVMG's audience acquisition platform to further increase blinkx's reach
- Expanded the blinkx executive management team with appointments of S. Brian Mukherjee as Chief Operating Officer, and Frank Pao as General Counsel and Executive Vice President of Business Affairs

Commenting on the fiscal year 2012 results Suranga Chandratillake, founder and CEO of blinkx, said: "This year, we have continued to see strong momentum in the online video market, and, in this young and constantly evolving Internet industry, we have also experienced unexpected growth in new and related arenas, such as the soaring popularity of smartphones and tablet devices, including the iPad. The proliferation of powerful connected devices and high-speed broadband networks has catalyzed consumer appetite for Web video. comScore reported that in March of this year, 181 million people in the US watched nearly 37 billion videos online. We expect that advertisers will continue to follow these audiences by allocating more of their spend to digital channels over the coming years.

The blinkx group has claimed an aggressive share of this thriving market, with revenue surpassing the $100 million mark, an increase of more than 73% over the prior year. In this fast-moving industry, blinkx outperformed the online video advertising market by over 80%, which grew at a healthy rate of over 40% annually.

This year, we continued to augment our global audience through a growing number of distribution points, signing agreements with leaders like AOL, and also through the expansion of our cross-platform distribution initiatives, partnering with industry leaders like Sony, Samsung, Roku and Aurasma. Moving forward, we see an attractive opportunity to increase our reach to new frontiers on the Web, enhancing long-tail, text-based content with video. The acquisitions of Burst Media and PVMG have brought us access to vast networks of text-oriented sites – and the potential to deliver video content and advertising to over 2,000 new publishers."

Mr. Chandratillake continued: "Through organic growth and selective acquisitions, and our unique technological capabilities, we have created a huge and growing video-enabled ecosystem of audience, content providers, advertising networks and advertisers. Our forward strategy and growth is based on further monetizing this opportunity.

The vast majority of our revenues are driven by advertising - sold both directly and through third parties - which exploits less than 10% of the total ad interactions that we now have the option to fill as a result of the recent Burst and PVMG acquisitions. Therefore, over 90% of the traffic available remains an under-leveraged economic opportunity. We see the exploitation of this as a very tangible and exciting opportunity against a backdrop where we expect to see continued growth in online advertising over the medium term."

Mr. Chandratillake concluded: "The quality and scale of blinkx's audience, combined with the unrivalled capabilities of our technology and advertising platform, AdHoc, and the calibre of our ever growing number of content partners, has enabled us to win new and repeat advertising customers such as Kellogg's, Shell and Microsoft, even in a somewhat tentative economic climate. In addition, we have enhanced the leadership team through the appointment of S. Brian Mukherjee as Chief Operating Officer, and Frank Pao as General Counsel and Executive Vice President, Business Affairs, talented executives who have deep sector experience and successful track records. We remain confident in our position in the market and the progress we have made this year, and are excited about the opportunities that lie before us."

Customers and Business Development
Over the last 12 months, blinkx's targeted advertising products continued to attract global brand advertisers. As a greater share of brand marketing dollars flow to digital channels, leaders from across a breadth of industries, such as Disney, IBM, JP Morgan and Procter & Gamble, capitalised on blinkx's unique video advertising platform, booking campaigns through top agencies, including Carat, Maxus and PHD.

blinkx also made significant advances in its cross-platform distribution strategy during the period, striking new deals in the mobile and Connected TV markets. The company recently announced a deal with Sony to deliver premium video from its index to Sony connected devices through an app. The app can be found in Sony's Entertainment Library, and will give Sony customers immediate access to blinkx video through 18 unique and engaging channels. In addition, Roku, Orb Networks and BlueStreak Technologies have incorporated access to blinkx's video index in their next-generation TV solutions. On the mobile front, blinkx has signed an agreement to power video for Aurasma.

Over the year, blinkx has continued to steadily expand its roster of premier media partners, including the addition of programming from diverse industry leaders, such as PERFORM, Future Publishing, the Bleacher Report, Rooftop Comedy and FashionTV.

The Burst and PVMG acquisitions and blinkx, the Internet Video Engine

Video has become an integral part of the Web experience. Consumers have come to expect video to be part of their information, entertainment, and social experience online, but only a small proportion of the almost 700 million websites that exist actually offer video. This presents a huge, new opportunity for blinkx to enhance text-only sites with rich media.

blinkx's technology positions it uniquely to be able to capitalize on this opportunity: its Concept Recognition Engine was built to match relevant video to text, at massive scale. Moreover, the "Long Tail' of the Web is incredibly diverse, but blinkx can leverage its broad, deep index, with content from over 800 publishers to ensure that an appropriate video appears to enhance the text.

blinkx has actively pursued non-video partners since 2010, and now, the acquisitions of Burst and PVMG have brought blinkx further access to extensive networks of audiences, providing it with the opportunity to extend the video experience to new frontiers on the Web.

The acquisitions bring blinkx's headcount to 275 people and establish a corporate presence in all major US markets, including San Francisco, Chicago, New York, Boston, Seattle and Los Angeles.

Financial Highlights
For the year ended 31 March 2012 (FY2012), revenues totaled $114.4 million, an increase of 73% over the $66.1 million in revenues reported for the year ended 31 March 2011 (FY2011). Gross profit for FY2012 was $60.5 million representing a gross margin of 53%. Gross profit for FY2011 was $43.2 million, representing a gross margin of 65%. Gross margin has reduced as a result of the acquisitions of Burst and PVMG which have lower margins than the legacy blinkx business. Adjusted net profit before acquisition and integration costs and amortisation on purchased intangibles for FY2012 was $12.7 million (FY2011: $9.8 million). Tax credit for FY2012 was $2.0 million (FY2011: $1.5 million). Net profit for FY2012 was $3.9 million (FY2011: $7.6 million). Earnings per share for FY2012 was 3.60 cents (adjusted basic), 1.10 cents (basic), 3.52 cents (adjusted fully diluted) and 1.08 cents (fully diluted). Earnings per share for FY2011 was 3.05 cents (adjusted basic), 2.39 cents (basic), 2.99 cents (adjusted fully diluted) and 2.33 (fully diluted). blinkx's cash balance at 31 March 2012 was $38.4 million (31 March 2011: $52.8 million).

About blinkx PLC

blinkx (London AIM: BLNX) is the world's most comprehensive 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 – as TV and user-generated content on the Web explode, keyword-based search technologies only scratch the surface. blinkx's patented search technologies listen to – and even see – 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 London. More information is available at www.blinkx.com

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BLINKX PLC
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
Results for the year to 31 March 2012

	Year ended 31 March 2012	Year ended 31 March 2011
	$'000	**$'000**
Revenue: continuing operations	114,397	66,102
Cost of revenue	(53,904)	(22,946)
Gross profit	60,493	43,156
Operating expenses		
Research and development	(10,526)	(7,638)
Sales and marketing	(32,474)	(24,163)
Administrative expenses	(7,047)	(3,174)
Profit from operations before acquisition and exceptional costs and amortization of acquired intangibles*	10,446	8,181
Amortisation of purchased intangibles	(4,061)	(956)
Acquisition and exceptional costs	(4,745)	(1,175)
Profit from operations	1,640	6,050
Net investment revenue	286	90
Profit before taxation	1,926	6,140
Tax	1,962	1,492
Profit for the year attributable to equity holders of the parent before acquisition and exceptional costs*	12,694	9,763
Profit for the year attributable to equity holders of the parent	3,888	7,632
Earnings per share (cents)	**Cents**	**Cents**
Adjusted basic*	**3.60**	**3.05**
Basic	**1.10**	**2.39**
Adjusted diluted*	**3.52**	**2.99**
Diluted	**1.08**	**2.33**

*adjusted for acquisition and exceptional costs of $4.7m. This relates to the acquisition of Burst Media Corporation (“Burst”) and Prime Visibility Media Group (“PVMG”) completed on 9 May 2011 and 9 November 2011 respectively, and the amortization of purchased intangibles of $4.1m. (2010: $1.2m acquisition and exceptional costs; $0.9m amortization of purchased intangibles). Exceptional costs are defined as non recurring costs incurred outside of the Group's normal operations. Acquisition costs are as defined in IFRS 3.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the year to 31 March 2012

	Year ended 31 March 2012	Year ended 31 March 2011
	$'000	**$'000**
Profit for the year	3,888	7,632
Exchange difference on translation of foreign operations	(295)	871
Total comprehensive income for the year, net of related tax effect	3,593	8,503

BLINKX PLC
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at 31 March 2012

	As at 31 March 2012 (unaudited)	As at 31 March 2011 (unaudited)
	$'000	$'000
ASSETS		
Non-current assets		
Goodwill	48,878	2,417
Intangible assets	29,651	3,829
Property, plant and equipment	2,275	731
Other receivables	250	250
Deferred tax asset	7,076	1,680
	88,130	8,907
Current assets		
Trade receivables	21,950	8,896
Other receivables	3,803	2,326
Cash and cash equivalents	38,406	52,809
	64,159	64,031
Total assets	152,289	72,938
LIABILITIES		
Current liabilities		
Trade and other payables	(25,465)	(7,327)
Non-current liabilities		
Deferred tax liability	(1,732)	-
Other payables	(474)	(197)
Total liabilities	(27,671)	(7,524)
Net assets	124,618	65,414
Shareholders' equity		
Share capital	6,837	6,398
Share premium account	101,552	86,443
Shares to be issued	754	-
Stock compensation reserve	11,938	9,968
Currency translation reserve	(7,837)	(7,542)
Merger reserve	33,089	(4,323)
Retained loss	(21,715)	(25,530)
Total equity	124,618	65,414

BLINKX PLC
CONDENDSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
For the year to 31 March 2012

	Year ended 31 March 2012	Year ended 31 March 2011
	$'000	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from operations	1,640	6,050
Adjustments for:		
Depreciation and amortisation	6,379	2,011
Share based payments	1,524	688
Foreign exchange (gains) /losses	(453)	42
Operating cash flows before movements in working capital	9,090	8,791
Changes in operating assets and liabilities:		
Increase in trade and other receivables	(642)	(2,718)
Increase in trade and other payables	356	1,919
Cash generated by operations	8,804	7,992
Income taxes received	-	443
Net cash generated by operating activities	8,804	8,435
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment revenue received	286	90
Purchase of property, plant and equipment and intangible assets	(5,950)	(1,591)
Acquisitions, net of cash acquired	(33,406)	-
Net cash used in investing activities	(39,070)	(1,501)
CASHFLOWS FROM FINANCING ACTIVITIES		
Net payments on finance lease, net	(148)	(24)
Proceeds from issuance of shares, net of costs	15,264	30,532
Net cash generated by financing activities	15,116	30,508
Net (decrease) / increase in cash and cash equivalents	(15,150)	37,442
Beginning cash and cash equivalents	52,809	14,579
Effect of foreign exchange on cash and cash equivalents	747	788
Ending cash and cash equivalents	38,406	52,809

BLINKX PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the year to 31 March 2012

	Ordinary share capital $'000	Share premium account $'000	Shares to be issued account $'000	Stock compensation reserve $'000	Sub-total $'000
Balance as at 1 April 2010	5,964	56,345	-	9,280	71,589
Net profit for the year	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
Issue of shares, net of costs	434	30,098	-	-	30,532
Share based payments	-	-	-	688	688
Tax movements on shares options	-	-	-	-	-
Balance as at 31 March 2011	6,398	86,443	-	9,968	102,809
Net profit for the year	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
Issue of shares, net of costs	439	15,109	-	-	15,548
Shares to be issued	-	-	754	-	754
Share based payments	-	-	-	1,970	1,970
Tax movement on share options	-	-	-	-	-
Balance as at 31 March 2012	6,837	101,552	754	11,938	121,081

	Sub-total forwarded $'000	Currency translation reserve $'000	Merger reserve $'000	Retained Loss $'000	Total $'000
Balance as at 1 April 2010	71,589	(8,413)	(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	102,809	(7,542)	(4,323)	(25,530)	65,414
Net profit for the year	-	-	-	3,888	3,888
Other comprehensive income	-	(295)	-	-	(295)
Total comprehensive income for the year	-	(295)	-	3,888	3,593
Issue of shares, net of costs	15,548	-	37,412	-	52,960
Shares to be issued	754	-	-	-	754
Share based payments	1,970	-	-	-	1,970
Tax movement on share options	-	-	-	(73)	(73)
Balance as at 31 March 2012	121,081	(7,837)	33,089	(21,715)	124,618

BLINKX PLC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the year to 31 March 2012

1. Basis of preparation

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Accounting Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company will publish full financial statements that comply with IFRSs.

The financial information set out in this unaudited announcement does not constitute the Company's statutory accounts for the year ended 31 March 2012 or 31 March 2011, within the meaning of Section 435 of the Companies Act 2006. The audit of the statutory accounts for the year ended 31 March 2012 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 2011 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The Group's auditor 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 being a period of no less than 12 months from the date of this announcement. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

2. Share-based payments

Included within operating expenses are the following amounts in respect of share based payments:

	Year to 31 March 2012 (unaudited)	Year to 31 March 2011 (unaudited)
	$'000	$'000
Sales and marketing	975	334
Research and development	315	249
Administrative expenses	234	105
	1,524	688

3. Taxation

The tax credit in the period relates primarily to the net tax position associated with the purchased intangibles, brought forward tax losses and research and development tax credits.

4. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following information.

	Year to 31 March 2012 (unaudited)	Year to 31 March 2011 (unaudited)
	$'000	**$'000**
Earnings		
Adjusted profit (used in calculation of basic and diluted profit per share)	12,694	9,763
Profit (used in calculation of basic and diluted profit per share)	3,888	7,632
Number of shares	**Number**	**Number**
Weighted average number of shares for the basic earnings per share	352,653,116	319,619,035
Weighted average number of shares for the diluted earnings per share	360,300,309	327,069,369

Adjusted profit is the profit for the period, adjusted for acquisition and exceptional costs of $4.7m and amortization of purchased intangibles of $4.1m (2010: $1.2m acquisition and exceptional costs and $0.9m amortization of purchased intangibles)

5. Share capital

27,196,619 shares were issued in the year. Of this 17,440,167 related to the acquisition of Burst Media Corporation, 7,000,000 the placing in November 2011 and 2,756,452 the exercise of employee share options.

6. Shares to be issued

The shares to be issued reserve relates to shares which are expected to be issued to Burst shareholders, as part of the consideration, who have not yet submitted the paperwork to effect the exchange of Burst shares for blinkx shares.

7. Acquisition of Burst Media Corporation and Prime Visibility Media Group

On 9 May 2011 the Group acquired 100% of the issued share capital of Burst Media Corporation, an online media and technology company based in Burlington, USA. This will allow the group to expand the reach of its video search and advertising offering across Burst Media Corporation's extensive network of independent publishers.

The provisional fair values of net assets acquired amounted to a total of $15.4 million. This comprises $13.9 million for intangibles, $9.1 million for other assets, $2.0 million cash, $7.2 million trade and other payables and $2.4 million of deferred tax liability. The book value was the same value for all the acquired items except in relation to the purchase of intangibles and the associated deferred tax liability. Goodwill of $25.0 million was recognised on the acquisition. None of the goodwill recognized is expected to be deductible for tax purposes.

This represents an increase in goodwill of $0.6 million from the amount disclosed in the interim report. This has principally arisen due to a revision in the value of the intangibles acquired, as a result of circumstances which existed at the date of acquisition.

The purchase consideration comprised equity of $29.3 million, $0.5 million cash and $1.4 million of costs associated with the acquisition and amounts owing to Burst Media Corporation shareholders. As a result of movement in the share price between announcing the agreement and completion, there was an up lift to the equity consideration of $9.2 million bringing the overall equity to $38.5 million and total consideration to $40.4 million.

On 9 November 2011 the group acquired 100% of the issued share capital of Prime Visibility Media Group Inc, an online advertising network and digital advertising agency headquartered in New York, USA. The integration of the blinkx video search engine with PVMG's text search platform will enable the group to tap into a new audience of intent-driven consumers and deliver TV-style brand advertising to them.

The provisional fair value at time of purchase of net assets acquired amounted to a total of $13.4 million. This comprises $12.6 million for intangibles, $5.7 million for other assets, $1.7 million for deferred tax asset, $0.7 million cash, $7.3 million trade and other payables. The book value was the same value for all the acquired items except in relation to the purchase of intangibles and the associated deferred tax liability. The company recognized goodwill of $21.4 million. None of the goodwill recognized is expected to be deductible for tax purposes.

The $36 million price paid comprises of: cash consideration of $31 million; deferred consideration provisionally determined of $3.8 million; and prepaid post acquisition remuneration of $1.2 million.

The $3.8 million of deferred consideration provisionally determined relates to amounts paid into escrow in relation to the final working capital position. To the extent that any of these monies are not ultimately paid over to the vendor they will revert to blinkx. In accordance with IFRS3, blinkx will finalise the position on the amount of deferred consideration payable and update the proceeds on or before the conclusion of the measurement period.

The prepaid post acquisition remuneration relates to payments of incentives to employees of PVMG which are due on the one year anniversary of the acquisition. In accordance with the requirements of IFRS3, the charge will be reflected in next year's income statement. This does not therefore form part of the consideration.

The businesses of Burst and PVMG benefit from selling and billing a combination of blinkx sourced products as well as their own. The directors will be providing details of the contribution of post acquisition revenues from the acquired entities to the group revenues in the year end accounts once an exercise has been completed to accurately separate these product revenues. The Group's core products have been integrated and support activities have been merged to such an extent that the level of costs recognized in the accounts of the acquired entities do not accurately represent the underlying activities attributable to those operations. Consequently, it is impracticable to separately identify the profit derived from the acquired businesses as required under IFRS 3.70 as the information is not available.

8. Related party and directors' remuneration

For the purposes of IAS 24 Related Party Disclosures, the directors are considered to be the Group's key management personnel. The remuneration of the directors is detailed below. There were no other related party transactions in either the current year or prior year.

Remuneration of the Directors was as follows:

	Year to 31 March 2012 (unaudited)	**Year to 31 March 2011 (unaudited)**
	$'000	**$'000**
Anthony Bettencourt	55	54
Suranga Chandratillake	407	440
Michael Lynch	55	54
Mark Opzoomer	55	54
	572	602

The non-executive directors fees are £35,000 per annum (2011: £35,000). The increase shown in the above table of the dollar equivalent is a result of exchange rate movement.

Details of share options granted to the Directors are set out below. No Directors' share options were cancelled or lapsed, or changed, during the year. Vesting and exercise of options is subject to continued employment.

	At 31 March 2011 Number	**Granted Number**	**Exercised Number**	**At 31 March 2012 Number**
Suranga Chandratillake	4,859,314	-	383,257	4,476,057
Michael Lynch	35,248	-	-	35,248

The total gain on exercise of share options by Directors was $851,045 (2011: $373,000). None of the Directors have pension, retirement or similar entitlement. No payment or awards were made to former Directors during the year.

It is not anticipated that there will be any significant changes to the Directors' remuneration in the current year.