BLINKX PLC ANNOUNCES FINANCIAL YEAR 2014 RESULTS

Year on Year Revenues up 25% to $247m, Adjusted* EBITDA up 31% to $40m

London, England and San Francisco, CA – 6 May 2014 – blinkx PLC (BLNX.L, “Company” or “Group”), the Internet Media platform today reported financial year 2014 results for the period covering 1 April 2013 through 31 March 2014. blinkx’s year-end conference call will be webcast live at www.blinkx.com on 6 May 2014 at 9:30AM BST; 4:30AM EDT; 1:30AM PDT.

Financial Highlights

	Year ended 31 March 2014 (unaudited) $000	Year ended 31 March 2013 (audited) $000	% Change
Revenue	247,214	197,957	25%
Profit before taxation - adjusted*	31,870	24,581	30%
Profit before taxation	17,609	16,722	5%
Adjusted EBITDA*	39,643	30,187	31%
Cash and cash equivalents	126,909	55,861	127%
Earnings per share	**Cents**	**Cents**	
Basic - adjusted*	7.05	6.98	
Basic	3.23	4.80	
Diluted - adjusted*	6.94	6.84	
Diluted	3.18	4.70	

Business Highlights

- Revenue increased by 25% to $247.2 million, from $198.0 million in FY2013
- Adjusted* EBITDA increased by 31% to $39.6 million, from $30.2 million in FY2013
- Adjusted* profit before tax of $31.9 million, an increase from $24.6 million in FY2013
- Net cash at year-end was $126.9 million, an increase from $55.9 million in FY2013 benefiting from strong cash conversion ratio* of 162% and issuance of shares.
- Secured new content and syndication partnerships, including ABC, GameSpot, NHL, IGN, Discovery Networks, Condé Nast and E! Entertainment
- Added marquee brand advertisers, including Warner Brothers, Toyota, Reebok, Gap, Clorox, Microsoft and L’Oreal
- Acquired trade and certain assets of Grab Media, the leading digital video syndication platform
- Acquired Rhythm NewMedia, the ultra-premium mobile video technology platform
- Expanded Board of Directors with respected US and UK business and technology leaders
- Expanded the leadership team in critical areas of Product, Business and Technology with new executives
- Hosted inaugural Capital Markets Day for institutional investors, featuring representatives from across the digital advertising ecosystem including Yahoo, Nielsen and comScore

Commenting on the results, S. Brian Mukherjee, CEO of blinkx, said:

"This has been an important year for blinkx and we are delighted to announce another strong performance, in which record revenues and profits were achieved despite the absence of the extraordinary growth drivers of the prior year. This demonstrates the underlying growth and efficiency of the business and sector.

As advertisers follow audiences online, the online advertising industry continues to display robust growth overall, fueled by several structural tailwinds. Online video ad spending continues to lead digital advertising in growth, resulting in a convergence of linear and digital TV among advertisers. More impressive, as the proliferation of connected devices increases, mobile advertising is growing even faster than online video, with mobile video ad spending growing fastest of all digital advertising segments. Additionally, the world is going increasingly programmatic, with data fueling brand new opportunities to monetize digital content. Our performance underscores not only the vitality of the sector but also that of our well diversified business model.

Our strategic initiatives, including successful integrations of the recent acquisition of certain trade and assets of Grab Media and acquisition of Rhythm NewMedia, as well as the launch of innovative new and upgraded products such as blinkx VideoAdvantage (bVA), Video Match, Boost, Skyrocket Player and Livepods, enhanced our performance and expanded our reach through both syndication and mobile channels. These initiatives let us create new advertising inventory, enable a greater number of consumer destination sites and reach more consumers via connected devices, allowing us to serve a greater number of advertisements to a wider audience at better monetization rates.

The acquisition of Rhythm NewMedia catalyzed growth of our mobile business, and opened the opportunity to replicate the blinkx commercial model across a wider and completely new mobile audience via connected devices. This move is especially significant, since it lets the Company capture the inevitable and increasing shift and even cannibalization of digital advertising spend from desktop to mobile, in an industry that continues to evolve rapidly. In addition, we remain excited by the massive potential of mobile real-time bidding for advertising, as we integrate the legacy Rhythm NewMedia business into our programmatic infrastructure, enabling us to further exploit the mobile ad market.

There are many growth opportunities for blinkx as advertising increasingly becomes mobile led – both in expanding demand, content and audiences, and also in how we monetize the interactions between these constituents. Through our ongoing mobile, syndication and audience extension efforts, we expanded our footprint on the supply side of the ecosystem. The acquisition we announced today of Lyfe Mobile, an innovative mobile Demand Side Platform (DSP), further underscores our vision to become the leading, fully integrated, cross device video advertising technology platform that connects consumers and brands programmatically through premium digital content worldwide."

***Non-GAAP Measures**

- This press release contains references to adjusted EBITDA, Profit before taxation – adjusted and cash conversion rate. These financial measures do not have any standardized meaning prescribed by IFRS and are therefore referred to as non-GAAP measures. The non-GAAP measures used by blinkx may not be comparable to similar measures used by other companies.
- Adjusted EBITDA is defined as profit attributable to equity holders of the parent before interest, taxes, depreciation and amortisation, share based payment expense, and acquisition and exceptional costs. Management believes that this measure is a useful supplemental metric as it provides an indication of the results generated by the Company's principal business activities prior to consideration of how the results are impacted by one time exceptional charges, how the results are taxed in various jurisdictions, or how the results are affected by the accounting standards associated with the Group's share based payment expense.

- Profit before taxation - adjusted is defined as profit before taxation before amortisation of purchased intangibles and acquisition and exceptional costs.
- Cash conversion rate equals the ratio of free cash flow to profit from operations. Free cash flow is defined as net cash generated by operating activities net of purchase of property, plant and equipment, and capitalized internal development costs.

For further information please contact:

Analyst and Investor Contact
Dan Slivjanovski
blinkx plc
(US) 650 731 2431

Financial Media Contacts
Edward Bridges/Charles Palmer
FTI Consulting
(UK) 020 3727 1000

NOMAD for blinkx plc
Charles Lytle/Christopher Wren
Citigroup Global Markets Limited
(UK) 020 7986 9756

Joint Broker for blinkx plc
Lorna Tilbian/Mark Lander/Nick Westlake
Numis Securities Limited
(UK) 020 7260 1000

Overview

blinkx has expanded to provide a unique, full range of solutions for audience, content and demand partners, allowing us to move from selling units to integrated, multi-channel campaigns that include video, display, rich media, contextual, social and mobile products. Against this backdrop, while video is not our exclusive advertising format, it continues to represent our primary strategic focus for growth. These results demonstrate the success of this core strategic focus – to video-enable a significant, scalable and growing ecosystem of audience constituents, content providers and advertising partners, and to monetize relevant consumer interactions across all devices.

Our strategy has evolved to match a dynamic market opportunity, moving from video search, to video discovery and, most recently, to video syndication and mobile video. Our goal is to extend the success we have demonstrated on the Personal Computer platform to Smartphones, Tablets and Connected TV, and expand into International markets. Our recent organic and acquisition growth initiatives have centered on this potential for enhanced reach and monetization. The purchase of the Grab Media platform in August 2013 let the Company add incremental audience and augment relationships with key advertisers, publishers and content providers, thereby providing increased scale. The acquisition of Rhythm NewMedia, a leading premium mobile video advertising platform, in November 2013 enabled the Company to expand into mobile and replicate our business model in that rapidly growing and increasingly profitable segment. Furthermore, these deals enabled us to recruit and successfully integrate key members of the legacy Grab Media and Rhythm NewMedia teams - two talented, multi-faceted groups with long tenures, extensive experience and deep relationships in digital video, which will enable us to accelerate organic growth initiatives across all four screens.

During the year, the Company was invested in several innovative new products beginning with bVA, a proprietary blinkx solution designed to rapidly distribute premium content across the Web via a syndication platform for publishers and advertisers. Growth of the bVA product has been accelerated through the Grab Media transaction, due to resident video syndication technology and an expanded base of publishers and advertisers.

Another exciting video syndication product developed this year is Video Match, a proprietary blinkx solution that allows Web publishers to power static images with video content contextually relevant to any article or blog post, and participate in the enhanced opportunity for video monetization. Video Match is a true expression of our goal to video-enable the text Web.

In addition, the Company unveiled new and exciting ways for consumers to access our massive index of premium content. Skyrocket Player is a Windows application that enables seamless online video viewing directly on a user’s desktop while working, browsing the Web or gaming. Skyrocket Player’s unique transparency functionality ensures the player experience conforms to the highest standards for video viewability, as it is always above the fold and in-view. blinkx has applied for patents around this technology.

Branded Content Hubs represent another product that lets users find and view more content from their favorite networks. Branded Content Hubs offer a brand safe, scalable, searchable and advertiser-friendly environment for premium content partners to offer their entire catalog of shows or channels on blinkx.com. Featuring multiple channels, editorial space, a social media feed and custom branding, Branded Content Hubs allow premium partners to power our video categories and search, while still maintaining each partner’s distinct brand identity.

Over the past year blinkx also developed Boost, a shopping comparison browser add-on that lets a consumer compare deals on a product they're interested in purchasing online. When a consumer visits a product page on a merchant site, the Boost interface will immediately display competitive pricing for precisely the same product on competing merchant sites, through a federated search matching algorithm. Through our direct work with shopping feed providers, this free add-on provides users with the best possible deal without the need for extensive search, while also delivering very high conversion traffic to these merchants.

We have continued to build on our leadership position in the online video ecosystem over the past year, progressing our cross-platform distribution strategy through our entry into the mobile world, accelerated by the acquisition of Rhythm NewMedia, and continued Connected TV partnerships. We also expanded our index of premium content through agreements with ABC, GameSpot, NHL, IGN, Discovery Networks, Condé Nast and E! Entertainment, among others. This combination of top tier professional content, expanded distribution, and our patented video search, discovery and advertising platform and products, helped us attract notable, new and repeat advertisers, such as Warner Brothers, Toyota, Reebok, Gap, Clorox, Microsoft and L'Oreal.

blinkx also hosted its inaugural Capital Markets Day for institutional investors on 31 March 2014. The event let the Company showcase the entire business for Investors – from business model to individual products – and also bring to life the digital advertising ecosystem through participation by Yahoo, WPP/Xaxis, Publicis/MediaVest, Nielsen, and comScore.

Outlook

As we enter the new financial year, our aspiration is to lead in digital video technology and advertising – connecting consumers and brands through content on any device, anywhere in the world. This is a rapidly changing industry and we believe the next 12 to 18 months will see a faster pace of consolidation in what has become a race to scale, and convergence of standards. In this environment we expect to continue to evolve in order to compete and succeed, as we have done since inception. Through our multi-faceted business model, strategic acquisitions, patented technology, expert leadership and talented employee base, we feel we are well positioned to adapt to any shifts in the industry and convert them into opportunities for further success. Our immediate focus is on innovation to drive growth through mobile, programmatic and cross platform data that will yield better consumer targeting and campaign performance attribution across devices. In order to achieve Company goals for scale, scope and reach across multiple advertising channels, we are taking steps to reallocate resources to emerging channels, including mobile and connected TV. We expect this shift to incur a marginal incremental operating cost. We're fortunate to have a capable, energized team and resources to seize new and emerging opportunities – both organic and via acquisitions.

Market

As the digital audience continues to grow, with consumers spending significantly more time with connected devices than even TV, ***advertisers are following this audience online***. According to eMarketer, Digital advertising is growing at an 11% CAGR over five years (2013-2017), and grew 16% to $43 billion in 2013 alone. By 2017 that number is expected to surge to over $72 billion. There are a number of important structural trends driving the growth of this sector, thereby accelerating our growth as an enterprise.

First, we are witnessing an ***accelerated growth of video and mobile***. By 2017, nearly 1 million minutes of video will traverse the Internet every second. Additionally, online video currently constitutes 57% of all consumer internet traffic, according to Cisco, but will reach 69% by 2017. As the amount of video being consumed online increases, video advertising budgets are continuing to grow steadily at a 22% CAGR over five years, from $4 billion in 2013 to $11 billion by 2017.

Mobile devices are accelerating access to high-speed mobile networks and enabling consumers to watch video content anytime, anywhere. According to eMarketer, consumers now spend more time with connected devices than any other form of media, with an average of 346 minutes spent per day compared with 268 minutes spent per day with TV. This high rate of consumer growth in the mobile sector is leading to cannibalization of desktop spending, as more advertisers capitalize on all four screens to reach consumers. Within the already fast-growing mobile advertising ecosystem, growing at a 34% CAGR over five years, mobile video spending is growing the fastest, with a 46% CAGR over the same time period, expanding from $0.66 billion in 2013 to $4.38 billion in 2017.

Further improving the opportunity to monetize each consumer interaction, ***data is fueling a programmatic future***, with an increasing amount of ad budgets going towards Real Time Bidding (RTB). Growing at a 25% CAGR over five years, RTB budgets will nearly triple from $3.4 billion in 2013 to $10.4 billion by 2017. The combination of RTB and programmatic direct ad spending was over 50% of display ad spending in 2013, and is expected to exceed 80% by 2017. Even more impressive, according to eMarketer and IDC, mobile RTB is growing at a remarkable 94% CAGR over five years, and will account for one third of all RTB spending by 2017.

This year has also marked a ***convergence of linear and digital TV***. Due to the increasing time spent with connected devices, digital and mobile video are both complementing and cannibalizing traditional TV budgets. Compared with the 22% CAGR for growth in digital video spending, and 46% CAGR for growth in mobile video, traditional TV spending is only growing at a 2.6% CAGR during the same period. While TV will remain a vital channel for brand awareness, media buyers are increasingly taking an expanded view of video campaigns, reserving larger budgets for both online and mobile video.

In the future there will be further ***clarification of emerging standards*** to help guide the industry. The digital video advertising space is rapidly changing and standards around quality assurance have yet to converge. Many vendors today apply display-based measurements to this dynamic medium, and new entrants are adding proprietary technology and methodologies, with different approaches to audience verification and viewability. blinkx works with a number of high-profile, well-respected vendors that we believe will lead the way to establishing a common bar for the industry. We are contributing to help shape these standards through our work with OpenVV.org as well as our membership in IAB, and also work with several leading third party experts, including Nielsen, comScore, Integral Ad Sciences, Moat, Adometry, Fraudlogix, and Double Verify, among others, to continuously test our audience and campaign effectiveness.

Technology

blinkx continues to invest in products and technology, which includes enhancing the blinkx CORE (COncept Recognition Engine), its patented video engine. blinkx CORE solves the challenges inherent in processing, managing and monetizing all forms of rich media as it comprises speech recognition, visual and text analysis to enable blinkx to understand video with depth and accuracy. This deep, granular understanding of rich media enables blinkx to process, monetize and deliver video and audio content in unique ways, and to capitalize on the true potential of video in the current four-screen world of PCs, Tablets, Smartphones and Connected TV. Augmenting these efforts, the Company has begun to focus on mobile technology following the acquisition of Rhythm NewMedia, including cutting edge mobile video ad units and video players.

In July 2013, the company was proud to launch bVA, a proprietary blinkx solution designed to expand distribution of premium content across the Web, providing broader reach and enhanced monetization opportunities for publishers and advertisers. Through bVA, publishers have complete control over the video content embedded in their sites, as well as real-time performance metrics and intelligence. The bVA publisher portal leverages CORE technology to aid in video search and selection, and encompasses premium content from over 1,200 content providers, customizable video widgets for Web and mobile deployment, and real-time reporting through the bVA dashboard.

In February 2014, the company launched Video Match, another proprietary blinkx solution to aid in syndication of premium content across the Web to text and image based publishers. Video Match allows Web publishers to video-enable any article or blog post, without the need to develop their own video player technology or even dedicated player space. By tapping into the blinkx video index and advanced search technology, Video Match is able to transform any image within an article into a clickable video player, launching a video contextually relevant to the topic of the article being read. This allows publishers to easily and accurately deliver a video experience to their audiences without sacrificing any site real estate for a dedicated video player, providing easy-to-implement enhanced monetization opportunities for publishers and broader, more relevant reach for advertisers.

Most recently, blinkx unveiled Skyrocket Player, a Windows application that allows for seamless online video viewing directly on a user's desktop while working, browsing the Web or gaming. Skyrocket Player taps into the entire blinkx video index to present premium partner content, as well as videos from across the Web, through up-to-date categories and blinkx's patented search technology. What makes Skyrocket Player unique is transparency mode, allowing the user to select the level of transparency in order to view and even continue to work through the player while a video plays. This eliminates the need to move or minimize the player window, creating an ideal video viewing environment for multitaskers.

Operations

The vast majority of our revenue is generated from online advertising, through a wide range of formats and pricing options that include video, mobile, social, display, text, and rich media, covering brand and performance advertising campaigns, sold both directly and sourced from third parties. Through organic growth, selective acquisitions and unique technological capabilities, we have created a growing ecosystem of audience, content providers, and advertisers that we continue to video-enable on the Web and mobile devices. In addition to our scale, scope and reach across the online advertising ecosystem, we believe that blinkx is well positioned within our competitive arena. We provide a unique combination of technology and media products that cover both the supply and demand sides of the ecosystem, and across all connected devices. This breadth includes video search and discovery technology, mobile video technology, platform and device agnostic video players, audience access via our online properties and ad networks, access to professionally generated content through our extensive content relationships, and monetization options through direct and indirect advertising relationships. As purchasing behavior within the sector has moved from buying ad formats to multi-channel, integrated campaigns across devices, our business model and diversified capability set have grown in response to this trend.

The successful integration of previous acquisitions has brought us access to vast networks of text-oriented sites and the potential to deliver web traffic, video content and advertising to over 5,700 new web publishers, syndication partners and affiliates. Through blinkx's proprietary syndication products for third parties unveiled this year, such as bVA and Video Match, the number of publishers powered by blinkx video will continue to expand. This number was also bolstered in 2014 through the acquisition of Rhythm NewMedia, granting blinkx access to the fast growing mobile ecosystem through premium video apps. In addition to massive scale, with access to billions of potential advertising interactions annually, the integrations have significantly broadened the scope of advertising products we are able to offer our customers, and boosted our reach to tens of millions of unique users per month across all four screens.

The size of the audience to which we have access has grown via these acquisitions, and monetization of this audience continues to represent one of our key growth drivers. Those interactions that remain un-monetized today represent a captive and well-understood organic growth opportunity for the Company, which we are actively seeking to convert through direct and programmatic demand side relationships.

Acquisitions

At blinkx, we consider inorganic growth through acquisitions a core competency. Our internal corporate development team follows a disciplined, rigorous process with every acquisition to determine enterprise value and financial impact, and ensure timely integration. This process covers five areas, including strategic fit, financial performance, cultural match, deal execution and post-acquisition integration.

Over the past 12 months we have purchased trade and certain assets and have made two acquisitions, all of which reinforce our strategic focus on video, mobile and programmatic growth drivers. blinkx acquired trade and certain assets of Grab Media, the leading video syndication platform, to advance our goal to video-enable the text Web and accelerate our video syndication and audience extension program. Rhythm NewMedia, the ultra-premium mobile technology platform, catalyzes growth of our mobile business, a major growth vector. Most recently, blinkx today announced the acquisition of LYFE Mobile, an innovative mobile Demand Side Platform (DSP), to expand our scope within the programmatic ecosystem.

In the future, we will remain vigilant to additional opportunities for inorganic growth in order to accelerate expansion of our business across all four screens.

Leadership

In FY2014 the Company further strengthened the Board of Directors with the appointments of two respected business and technology leaders. LexisNexis International Chief Executive Officer Judy Vezmar joined the blinkx Board of Directors as an Independent Non-executive Director. Ms. Vezmar brings over two decades of successful international expansion, digital content distribution and marketing, business transformation, and Board experiences to blinkx. LexisNexis ® is a member of the global media group Reed Elsevier plc, a leading worldwide provider of content-enabled workflow solutions for professionals in the legal, risk management, corporate, government, law enforcement, accounting and academic markets. Under her leadership, the International group transformed the business from a traditional print based publisher to an online and digital solutions leader, expanding the range of successful content and online services to over 100 countries. Earlier, Ms. Vezmar held various senior executive roles at Xerox Corporation in the US and Europe. Ms. Vezmar has served as a Non-executive Director of Rightmove plc since 2006.

Also joining the Board of Directors as a Non-executive Director is Ujjal Kohli, transitioning from his executive role at Rhythm NewMedia after its acquisition by blinkx. Mr. Kohli brings over twenty five years of executive management, engineering, marketing, strategy, M&A and Board level experiences to blinkx. Ujjal co-founded and led Mountain View-headquartered Rhythm NewMedia ("Rhythm") as CEO, before its acquisition by blinkx in December 2013. Under his leadership, Rhythm emerged as a dominant mobile video technology and advertising platform for tablets and smartphones — working with ultra-premium media partners, including NBC Universal, CBS, ABC, Fox, and Warner Bros, as well as top brand advertisers, such as Disney, McDonald's, General Motors, Ford, AT&T, Verizon, and Macy's. Before Rhythm, Mr. Kohli co-founded and served as CEO of Meru Networks (NASDAQ: MERU). Prior to this he was EVP of Marketing and National Sales for AirTouch Cellular, and was part of the Executive team that led its merger with Vodafone (LSE: VOD) in a $60 Billion transaction in 1999. Previously, Ujjal was a consultant with McKinsey and Company in London, Los Angeles and Silicon Valley. Mr. Kohli has also been an investor, advisor and a previous Board member at several technology companies, including Magma Design Automation, Berkeley Networks, ByteMobile, Maverick Semiconductor, Convergenet, and WirelessHome.

During the period, the Company also made significant investments in management bandwidth and expertise across Business Development, Technology and Product by bringing on board three seasoned executives who will play important roles in building the business and driving growth for the Company.

Based in London, Donald Hamilton brings over 20 years of online branding and direct market experience, with a track record of placing companies at the forefront of the European market to achieve success and growth. Accomplished digital media expert and former Rhythm CRO, Paul Bremer, transitioned into a senior operating role at blinkx, bringing 15 years of successful digital advertising sales and management experience. Following the Grab Media transaction, former Grab Media CEO Alvin Bowles joined blinkx in an expanded senior commercial role, bringing over 15 years of brand solutions and business experience to the position.

Financial Highlights

For the financial year ended 31 March 2014 (FY2014), revenue totaled $247.2 million, an increase of 25% over the $198.0 million in revenue reported for the year ended 31 March 2013 (FY2013). Revenue benefited from strong underlying growth and accelerated by the acquisition of Rhythm NewMedia, Inc.

Profit from operations before amortisation of purchased intangibles and acquisition and exceptional cost was $31.9 million for FY2014, an increase of 30% over $24.6 million for FY2013. The operating profit margin improvement resulted from the incremental profit associated with the strong revenue growth and the continued discipline around cost control. The results reflect an operating loss before amortisation of purchased intangibles and acquisition and exceptional cost of $0.1 million associated with Rhythm NewMedia.

Adjusted basic earnings per share for FY2014 was 7.05 cents (FY2013: 6.98 cents), 3.23 cents basic earnings per share (FY2013: 4.80 cents), 6.94 cents adjusted fully diluted (FY2013: 6.84 cents) and 3.18 cents fully diluted (FY2013: 4.70 cents).

blinkx’s cash and cash equivalents balance at 31 March 2014 was $126.9 million (31 March 2013: $55.9 million) benefiting from strong cash conversion efforts and the December 2013 share-placing.

BLINKX PLC
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
Results for the year to 31 March 2014
(in thousands, except per share amounts)

	Note	Year ended 31 March 2014 $'000	Year ended 31 March 2013 $'000
Revenue: continuing operations		247,214	197,957
Cost of revenue		(120,781)	(97,006)
Research and development		(24,690)	(15,050)
Sales and marketing		(57,733)	(51,112)
Administrative expenses		(12,140)	(10,208)
		(215,344)	(173,376)
Amortisation of purchased intangibles			
Research and development		(2,191)	(1,629)
Sales and marketing		(4,487)	(3,749)
		(6,678)	(5,378)
Acquisition and exceptional costs	5	(8,066)	(3,276)
Profit from operations		17,126	15,927
Profit from operations before acquisition and exceptional costs and amortisation of purchased intangibles*		31,870	24,581
Other income		344	757
Net investment revenue		139	38
Profit before taxation		17,609	16,722
Tax	3	(5,439)	634
Profit for the year attributable to equity holders of the parent		12,170	17,356
Profit for the year attributable to equity holders of the parent before acquisition and exceptional costs, amortisation of purchased intangibles and other income**		26,570	25,253
	Note	**Cents**	**Cents**
Earnings per share			
Adjusted basic**	4	**7.05**	**6.98**
Basic	4	**3.23**	**4.80**
Adjusted diluted**	4	**6.94**	**6.84**
Diluted	4	**3.18**	**4.70**

**Adjusted for acquisition and exceptional charges of $8.1m (2013:$3.3m) and amortization of purchased intangibles of $6.7m (2013: $5.4m)*

***Adjusted for acquisition and exceptional charges of $8.1m (2013:$3.3m), amortization of purchased intangibles of $6.7m (2013: $5.4m) and other income of $0.3m (2013: 0.8m)*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
Results for the year to 31 March 2014

	Year ended 31 March 2014	Year ended 31 March 2013
	$'000	**$'000**
Profit for the year	12,170	17,356
Exchange difference on translation of foreign operations	(115)	(1,456)
Total comprehensive income for the year, net of related tax effects	**12,055**	**15,900**

BLINKX PLC
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at 31 March 2014
(in thousands)

	Note	As at Year ended 31 March 2014 $'000	As at Year ended 31 March 2013 $'000
ASSETS			
Non-current assets			
Goodwill		73,658	49,080
Intangible assets		41,732	24,678
Property, plant and equipment		2,621	2,103
Other receivables		161	100
Deferred tax asset		17,840	10,983
		136,012	86,944
Current assets			
Trade receivables		36,924	29,902
Other receivables		2,837	5,657
Cash and cash equivalents		126,909	55,861
		166,670	91,420
Total assets		**302,682**	**178,364**
LIABILITIES			
Current liabilities			
Trade and other payables		(40,193)	(32,822)
Non-current liabilities			
Other payables		(597)	(551)
Total liabilities		**(40,790)**	**(33,373)**
Net assets		**261,892**	**144,991**
Shareholders' equity			
Share capital	6	7,461	6,850
Share premium account		168,885	101,975
Shares to be issued	7	3,579	750
Share based compensation reserve		17,322	13,975
Currency translation reserve		(9,408)	(9,293)
Merger reserve		61,681	33,089
Retained earnings (deficit)		12,372	(2,355)
Total equity		**261,892**	**144,991**

BLINKX PLC
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
Results for the year to 31 March 2014
(in thousands)

	Note	Year ended 31 March 2014 $'000	Year ended 31 March 2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from operations		17,126	15,927
Adjustments for:			
Depreciation and amortization		11,097	8,947
Share based payments		3,353	2,037
Non-cash acquisition and exceptional costs		991	2,676
Foreign exchange gain		(1,032)	(178)
Operating cash flows before movements in working capital		**31,535**	**29,409**
Changes in operating assets and liabilities:			
Increase in trade and other receivables		(3,431)	(9,534)
Increase in trade and other payables		5,958	6,944
Net cash generated by operations		**34,062**	**26,819**
Income taxes paid		(2,091)	(4,833)
Net cash generated by operating activities		**31,971**	**21,986**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Interest received		139	38
Purchase of property, plant and equipment		(1,250)	(1,248)
Capitalization of internal development charges		(3,060)	(2,741)
Acquisitions, net of cash acquired		(24,637)	250
Net cash used in investment activities		**(28,808)**	**(3,701)**
CASHFLOWS FROM FINANCING ACTIVITIES			
Net payments on finance lease		(82)	(171)
Proceeds from issuance of shares		67,369	432
Net cash generated in financing activities		**67,287**	**261**
Net increase in cash and cash equivalents		70,450	18,546
Beginning cash and cash equivalents		55,861	38,406
Effect of foreign exchange on cash and cash equivalents		598	(1,091)
Ending cash and cash equivalents		**126,909**	**55,861**

BLINKX PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
Results for the year to 31 March 2014
(in thousands)

	Note	Ordinary share capital	Share premium account	Shares to be issued	Stock compensation reserve	Currency translation reserve	Merger reserve	Retained loss	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2012		**6,837**	**101,552**	**754**	**11,938**	**(7,837)**	**33,089**	**(21,715)**	**124,618**
Net profit for the year		-	-	-	-	-	-	17,356	17,356
Other comprehensive income		-	-	-	-	(1,456)	-	-	(1,456)
Total comprehensive income for the year		-	-	-	-	(1,456)	-	17,356	15,900
Issue of shares, net of costs		13	423	(4)	-	-	-	-	432
Credit to equity for share based payments		-	-	-	2,037	-	-	-	2,037
Tax movement on share options		-	-	-	-	-	-	2,004	2,004
Balance as at 31 March 2013		**6,850**	**101,975**	**750**	**13,975**	**(9,293)**	**33,089**	**(2,355)**	**144,991**
Net profit for the year								12,170	12,170
Other comprehensive income						(115)			(115)
Total comprehensive income for the year		-	-	-	-	(115)	-	12,170	12,055
Issue of shares, net of costs		605	66,910	2,829	-		28,592		98,936
Credit to equity for share based payments	2	6	-	-	3,347			-	3,353
Tax movement on share options		-	-	-	-			2,557	2,557
Balance as at 31 March 2014		**7,461**	**168,885**	**3,579**	**17,322**	**(9,408)**	**61,681**	**12,372**	**261,892**

BLINKX PLC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of preparation

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

The financial information set out in this unaudited announcement does not constitute the Group's statutory accounts for the year ended 31 March 2014 or 31 March 2013, within the meaning of Section 435 of the Companies Act 2006. The audit of the statutory accounts for the year ended 31 March 2014 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 Group's annual general meeting.

The financial information for the year ended 31 March 2013 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 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, operating 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 cost and expenses are the following amounts in respect of share based payments:

	Year ended 31 March 2014	Year ended 31 March 2013
	$'000	$'000
Sales and marketing	866	1,105
Research and development	861	668
Administrative expenses	1,620	264
	3,347	2,037

3. Taxation

The tax charge of $5.4 million includes a $2.0 million prior period deferred tax asset adjustment. Removing this adjustment, the Group's effective tax rate was 20% (2013: $0.6m tax benefit which included recognition of a $3.5m credit to fully recognize the deferred tax asset in the US business and a $0.5m prior period adjustment).

4. Earnings per share

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

	Year ended 31 March 2014	Year ended 31 March 2013
	$'000	$'000
Profit		
Profit used in calculation of basic and diluted earnings per share	12,170	17,356
Profit used in calculation of adjusted basic earnings per share*	26,570	25,253

	shares	shares
Number of shares		
Weighted average number of shares for the purpose of basic and adjusted* basic earnings per share	376,697,045	361,955,834
Weighted average number of shares for the purpose of diluted and adjusted* diluted earnings per share	382,883,292	369,116,636

**Adjusted for acquisition and exceptional charges of $8.1m (2013:$3.3m), amortization of purchased intangibles of $6.7m (2013: $5.4m) and other income of $0.3m (2013: 0.8m)*

5. Acquisition and exceptional costs

In line with the way the Board and chief operating decision maker reviews the business, large one-off acquisition and exceptional costs and other costs related to acquisitions such as amortisation of purchased intangibles, are separately identified and adjusted results shown. The types of costs included within acquisition costs are those which are directly attributable to an acquisition, such as legal and accounting expenses, integration costs, severance and retention remuneration. The types of costs which are considered exceptional include restructuring and onerous lease charges.

	Year ended 31 March 2014	Year ended 31 March 2013
	$000	$000
Acquisition costs:		
Severance and retention costs	4,526	153
Professional fees	1,521	1,582
Total acquisition costs	6,047	1,735
Exceptional costs:		
Restructuring charges	2,019	995
Onerous lease provision	-	546
Total exceptional costs	2,019	1,541
Total acquisition and exceptional	8,066	3,276

6. Share capital

During the current year 37,500,770 shares were issued, of which 20,000,000 shares related to the December 2013 share placement, 8,719,064 shares to consideration for the acquisition of Rhythm New Media Inc., 8,269,834 shares were issued related to exercise of employee share options, 283,330 shares were issued related to restricted stock units, and 228,542 shares related to consideration for the acquisition of Burst Media Corporation.

7. Shares to be issued

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

8. Acquisition of subsidiaries

On 12 December 2013 the Group acquired 100% of the issued share capital of Rhythm New Media, Inc., a leading premium mobile video advertising technology platform focused exclusively on smartphones and tablets for a total consideration of $56.5 million.

The provisional amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	Provisional FV @ date of purchase
	$ million
Property, plant and equipment	429
Intangibles	20,600
Other assets	262
Deferred tax asset	8,481
Cash	53
Trade receivables	8,797
Trade & other payables	(6,668)
Total identifiable assets	31,954
Goodwill	24,578
Total consideration	56,532

The fair value of the $56.5 million consideration paid comprises cash paid of $25.0 million, $28.2 million issue of blinkx shares and $3.3 million of deferred consideration in shares to be issued.

9. Related party transactions

For the purposes of IAS 24 Related Party Disclosures, the Directors are considered to be the Group's key management personnel. Comprehensive details concerning Directors remuneration and share activity for the financial year ending 31 March 2014 will be included in the remuneration report of the annual report which does not form part of this preliminary announcement. There were no other related party transactions in either the current year or prior year.