

## blinkx results

FOR THE FIRST HALF, FISCAL YEAR 2010

## safeharbor statement

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During this presentation we may make various remarks about the company's future expectations, plans and prospects, which constitute forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by these forward-looking statements as a result of various important factors, including those discussed in blinkx's most recent prospectus, which is on file with the UK Listing Authority.

Any forward-looking statements represent our views only as of today and should not be relied upon as representing our views as of any subsequent date. While we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, even if our estimates change and, therefore, you should not rely on these forward-looking statements as representing our views as of any date subsequent to today.

During this call we may be referring to non-IFRS financial measures. These non-IFRS measures are not prepared in accordance with generally accepted accounting principles. A reconciliation of the non-IFRS financial measures to the most directly comparable IFRS measures will be made available in the Investor Relations section of our website, [www.blinkx.com](http://www.blinkx.com), under the heading Investors.

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# results highlights

- Revenue more than doubled to \$13.1m from \$6.4m in first half FY09
- Gross profits up 88% to \$8.5m from first half FY09
- Top line revenue and gross profit ahead of analyst consensus
- Aggressive audience growth trajectory, breaking into both comScore and Nielsen's Top 10 Video sites. Video streams in the UK and US grew by 177% (comScore)
- 238% increase in advertising campaigns over the previous half, for brands including McDonalds, Virgin and Boots
- Daily Video Search run rate increased 249% to 17.4 million searches per day in September 2009 from 7 million per day in September 2008
- Fastest growth of content partner base in a six month period. Total partnerships now exceeds 650, including NBC Digital Media, Meredith Corporation and the Canadian Broadcasting Corporation
- Infrastructure investments early in the period have proven successful, delivering the substantial revenue and gross profit improvements in these results



**US Online Video Advertising Spending, 2008-2014 (millions)**



Source: eMarketer, October 2009  
107674

www.eMarketer.com

**NEW REACH**

- **81% of the total US** Internet audience view online video (comScore)
- Fastest growing demographic in online video audience is **35 -49** , increasing 29% during the past six months (Nielsen, May 2009)
- US online video audience to reach **190 million** by 2012 (eMarketer)

**NEW REVENUE**

- IAB figures show ad expenditure online **up £82m** in 1H09 to record market share of 23.5%, overtaking TV for the first time (IAB PwC)
- Online video advertising will enjoy a compound annual growth rate of 26 % over the next decade, soaring from \$978 million in 2009 to **\$9.9 billion by 2019** (SNL Kagan)

a massive opportunity



**STRENGTH OF CORE MODEL:**

**blinkx.com**

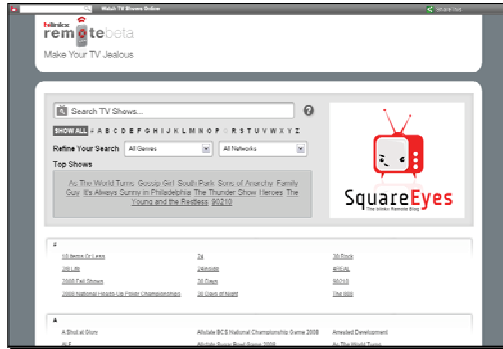


- Aggressive **audience** growth trajectory
  - Top10 Video site per comScore and Nielsen
  - Video streams in the UK and US grew by 177% (comScore)
  - Daily Video Search run rate increased 249% to 17.4 million searches per day in September 2009
- blinkx AdHoc continued to attract **brand advertisers** and command strong overall CMPs (Cost Per Mille)
  - 238% increase in advertising campaigns over the previous half
- Fastest growth of **content partner** base in a six month period
  - Total partnerships now exceeds 650, including NBC Digital Media, Meredith Corporation and the Canadian Broadcasting Corporation

“blinkx, the online video company, has defied the advertising downturn that has affected the media sector.” *Tim Bradshaw, Financial Times*



STRENGTH OF CORE MODEL:  
**blinkx Remote**

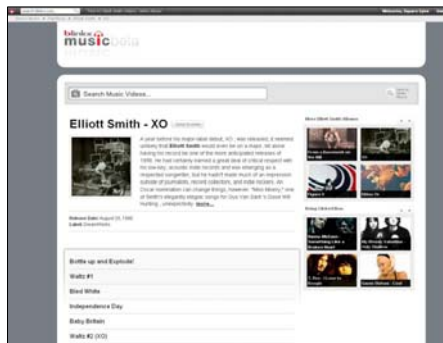


- blinkx Remote is a tool on the blinkx website that provides users with immediate access to long-form, episodic content
- blinkx Remote audience has grown an average of 83% every month since launch
- blinkx technology provides most up to date content listings, geo-filtering is automatically handled on a per-user basis

“[blinkx’s] Remote service will ‘make your TV jealous’... ‘Completely redundant’ is another phrase that springs to mind.” *Jamie Milla, GQ*



STRENGTH OF CORE MODEL:  
**blinkx Music**



- blinkx Music is a tool on the blinkx website for finding and watching music videos online
- Offers a one-stop tool to locate over 33,000 music videos from more than 10,000 artists

“[blinkx’s] Remote service will ‘make your TV jealous’... ‘Completely redundant’ is another phrase that springs to mind.” *Jamie Milla, GQ*



STRENGTH OF CORE MODEL:

## blinkx AdHoc



- First contextual advertising platform for video
- Uses blinkx's unique technology to place relevant ads into relevant videos at the most relevant points in time
- Platform approach interfaces with any external ad network, regardless of ad format
- AdHoc campaigns increased 238% in the Half and average blended CPM was increased to \$16.50

“blinkx's special sauce - something even Google doesn't have - is software that can turn speech into text and count how many times a word pops up in a video. This is very useful to anyone selling targeted ads...” *Erick Schonfeld, Business 2.0*



EXTENDING THE CORE MODEL:

## Television



- Pioneering distribution partnership positions blinkx to capitalize on the Interactive TV market
- Number of US broadband households viewing Web-to-TV content forecast to grow to 24 million by 2013 (In-Stat)
- Combining broadcast and broadband TV will give audiences access to an incredibly rich and diverse universe of content
- As the leader in video search, blinkx is ideally suited to help viewers navigate this universe, both through search and through recommendation

“This deal is about integrating the diversity of web video and the functionality of web search with the ubiquity of the TV set...This sets up Blinkx for future partnerships with tailored elements of the Blinkx service. Most importantly – and the part that will attract the digital TV stations – is the potential here for interactive advertising because profiles of Blinkx users can be used to target ads.” *Jemima Kiss, The Guardian*



## EXTENDING THE CORE MODEL:

# Desktop



- Popularity in Desktop-based applications across the Internet provides a new channel of searches
- Users are able to access content and perform video search directly from their desktops – without a browser, launching from a variety of applications
- blinkx products are able to leverage existing blinkx index, blinkx's search and recommendation technology and deliver both high-precision desktop video search for advanced users and a simple, channel-style delivery mechanism for less savvy users

“I still believe this format – passive experiences that users can control if they choose – is going to be very important, especially in a world where people are watching Internet TV on their big screens. And blinkx is showing a slick interface that it can develop and others will copy.” *Saul Hansell, New York Times*



# financial highlights

Total revenues of **\$13.1 million** for the Half ending 30 September 2009

## KEY METRICS

- Total Searches –2.4 billion for the 1st Half
- Total Monetizable Searches –1.6 billion for the 1st Half
- Blended average CPM **\$16.50** (range from \$2 to \$66)

Gross Profit for the Half was **\$8.5 million** or **65% gross margin**

Net loss for the for the Half was **\$7.0 million**

Cash balance at 30 September 2009 was **\$10.8 million**

DSOs improved to **67 days** versus 83 in FY 2009

Options expense was **\$0.7 million** for the Half

Loss from operations was **\$7.4m** and included **\$1.4m** of non-recurring costs relating to infrastructure investments

Cash used by operations was **\$8.1m**



## profit & loss statement

	Six months to 30 September 2009 (unaudited) \$'000	Six months to 30 September 2008 (unaudited) \$'000
<b>Revenue: continuing operations</b>	13,092	6,359
Cost of revenue	<u>(4,609)</u>	<u>(1,853)</u>
<b>Gross profit</b>	8,483	4,506
	64.8%	70.9%
<b>Operating expenses</b>		
Research and development	(5,397)	(2,170)
Sales and marketing	(9,373)	(6,054)
Administrative expenses	<u>(1,079)</u>	<u>(560)</u>
<b>Loss from operations</b>	(7,366)	(4,278)
Investment revenues	<u>20</u>	<u>863</u>
<b>Loss before taxation</b>	(7,346)	(3,415)
Tax	384	156
<b>Loss for the year attributable to equity holders of the parent</b>	<u>(6,962)</u>	<u>(3,259)</u>
<b>Loss per share (cents)</b>	<b>cents</b>	<b>cents</b>
Basic and diluted	(2.50)	(1.17)



## balance sheet

	As at 30 September 2009 (unaudited) \$'000	As at 30 September 2008 (unaudited) \$'000
Non-current assets	8,791	437
Trade receivables	3,563	5,216
Other receivables	3,402	1,936
Cash and cash equivalents	<u>10,753</u>	<u>32,433</u>
Current assets	17,718	39,585
<b>Total assets</b>	<u>26,509</u>	<u>40,022</u>
Total liabilities	(7,015)	(4,546)
<b>Net assets</b>	<u>19,494</u>	<u>35,476</u>
<b>Total equity</b>	<u>19,494</u>	<u>35,476</u>



# placing

- Announced today a placing of 27,927,971 new ordinary shares at a placing price of 18 pence per share
- The placing represents approximately 10% of blinkx's existing issued share capital
- The placing is expected to raise approximately £5.0m in gross proceeds
- Autonomy Plc is underwriting the issue of the placing shares, demonstrating its continued belief in the market opportunity for blinkx
- Although fully funded to profitability, these new resources will ensure we are able to capitalize on all appropriate opportunities to continue our rapid expansion



# conclusion

Strength and vitality of blinkx' s business model demonstrated with robust growth and revenue more than doubling compared to the same period a year ago, despite universally challenging macroeconomic conditions

blinkx has made significant, measurable progress on all key performance criteria including:

- Substantial increase in global audience: Top10 Video site per comScore and Nielsen
- Strong growth in advertising customer base and overall CPMs: 238% increase in campaigns over 2H09
- Rapid expansion of content partner base to over 650, including NBC Digital Media and Meredith Corporation
- Deployed infrastructure investments already providing returns

blinkx is fully funded, but announced today a further placing of new shares to raise resources to ensure we are able to take all appropriate opportunities to continue expansion

blinkx is uniquely poised to capitalize on the surging video advertising market, which is predicted to reach US \$9.9 billion by 2019 (SNL Kagan) – ready to ride the imminent upturn

