blinkx

BLINKX PLC ANNOUNCES FIRST HALF FINANCIAL YEAR 2015 RESULTS

Mobile Grows to 20% of First Half Revenue of $106 Million in a Year of Transition

London, England and San Francisco, CA – 11 November 2014 – blinkx PLC (BLNX.L, "Company" or "Group"), today reported financial year 2015 results for the period covering 1 April 2014 through 30 September 2014 ("H12015" or "the Period"). The Company's H12015 conference call will be webcast live at www.blinkx.com on 11 November 2014 at 9:30AM GMT; 4:30AM EST; 1:30AM PST.

Financial Highlights

	Six months to 30 September 2014 (unaudited)	Six months to 30 September 2013 (unaudited)
	$000	$000
Revenue	106,004	111,551
Adjusted* EBITDA	1,023	18,185
(Loss) profit before taxation - adjusted*	(3,426)	15,170
(Loss) profit before taxation	(9,703)	10,783
Cash	114,563	69,403

**Adjusted for acquisition and non-recurring costs of $1.6m (2013:$1.7m) and amortization of purchased intangibles of $4.7m (2013: $2.7m).*

Business Highlights

- Industry spend shifts to mobile – Mobile revenues have grown from 1% to 20% of revenue year-on-year
- Continued revenue and profit growth from the seasonal mid-summer lows
- Remained profitable on an Adjusted EBITDA basis, in a year of transition
- Acquired LYFE Mobile, a Demand Side Platform (DSP) and Data Management Platform (DMP)
- Secured new content partnerships with Hallmark, Buzzfeed, LPGA and Whalerock
- Continued engagements with marquee brands, such as Disney, Target, McDonalds and The Gap
- Partnered with Integral Ad Science, Nielsen and Forensiq to ensure traffic quality and enhance measurement
- Appointed Raj Chellaraj as an Independent Non-executive Director, the third board appointment within the calendar year
- Expanded the leadership team in critical areas of Product, Technology, Sales and Operations
- Released innovative desktop and mobile advertising and cross-screen targeting products
- Maintained a strong, debt-free balance sheet that provides flexibility for ongoing investments

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

"Given significant industry changes and the shifting product mix within the Company, this has been a transformational period for blinkx, which operates in a dynamic marketplace. Despite these changes, the Company remained profitable on an Adjusted EBITDA basis and delivered over $100 million in revenue during the Period.

Desktop will continue to be an important source of revenue for the Company for the foreseeable future. However, mobile will likely contribute an increasing percentage of our growth. During the Period, we also took decisive steps to fortify our business model and realign our resources to target growth areas of the sector, particularly video, mobile and programmatic trading. This intense focus underscores our vision and efforts to become a leading provider of premium cross-screen advertising at scale."

***Non-GAAP Measures**

- This press release contains references to adjusted EBITDA and (Loss) profit before taxation – adjusted. 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 non-recurring 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 non-recurring costs, 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.
- (Loss) profit before taxation - adjusted is defined as profit before taxation before amortisation of purchased intangibles and acquisition and non-recurring costs.

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Overview

The past six months have been transformational for the online advertising industry and for blinkx. The Company has seen significant product mix-shift, fueled by growth in mobile spend and automated (programmatic) trading. In response, blinkx has re-orientated its business to capture emerging opportunities.

We remain profitable on an adjusted* EBITDA basis, in a sector that is undergoing significant change and experiencing rapid consolidation. Our financial discipline has enabled us to maintain our strong, debt-free balance sheet during this period of industry-wide change and provides us strategic flexibility as the industry continues to evolve.

We firmly believe in the strength and long-term success of our core strategic focus – to video-enable a significant, scalable and growing ecosystem of audience partners, content providers and advertisers, and to monetize relevant consumer interactions across all devices.

Advertising spend continues to migrate online and industry fundamentals remain strong. Significantly, growth in mobile advertising spend is accelerating as consumers increasingly access content through their smartphones and tablets. Within the mobile channel, mobile video ad spend is growing fastest of all digital advertising segments. Yet, a significant discrepancy exists between time spent online and on connected devices in relation to share of overall advertising budgets, representing an incremental $30B opportunity annually. Mobile contributed approximately 20% of revenues during the Period, up from 1% in H12014, and remains a core strategic focus for the Company. blinkx has expanded its mobile offering to match this growth opportunity through organic initiatives and acquisitions, and has begun to see high-growth mobile formats displace slower growth desktop ones.

In addition, automated (programmatic) trading currently accounts for over half of all online advertising spend and is expected to encompass over 80% by 2017. The Company has grown its programmatic offering to drive sales volume and continues to expand its integrations with demand partners through automated trading channels. blinkx's acquisition of LYFE Mobile, an innovative mobile Demand Side Platform (DSP) and Data Management Platform (DMP), in May 2014 provided a programmatic platform to grow its mobile business, building on last year's acquisition of Rhythm NewMedia. LYFE lets blinkx satisfy greater demand through Mobile Real Time Bidding (RTB), the fastest growing area in automated trading, with industry spend levels doubling each year. The LYFE and Rhythm assets are being integrated, positioning the Company to capture this high-growth opportunity and replicate the blinkx commercial model across a wider and growing mobile audience.

blinkx has taken a proactive approach to supply side issues around ad delivery, viewability, verification, transparency and brand safety, and will continue to lean in with the industry in this regard. During the Period, blinkx initiated new and expanded relationships with a number of partner organizations to combat suspicious activity or click fraud within the supply chain. These partners include Nielsen, Integral Ad Science and Forensiq – all accredited by the Media Rating Council (MRC). Through these partnerships, combined with extensive and proprietary screening technology, blinkx can ensure that its audience quality consistently meets advertisers' requirements in this competitive environment.

During H12015 the Company also invested in innovative new video and mobile offerings for advertisers and publishers. blinkx's cross-screen advertising solution allows for integrated campaigns that are optimized across channels and formats – including video, social, rich media and display – to be seamlessly distributed across desktops, smartphones, tablets and Connected TVs. Cross-screen advertising is a fast emerging industry requirement.

The Company also expanded its index of premium content through agreements with top entertainment, sports and lifestyle providers including Hallmark, Buzzfeed, LPGA and Whalerock, among others. This combination of top tier professional content, expanded distribution and our patented video search, discovery, syndication and advertising platform and products, helped us attract notable, new and repeat advertisers, including Disney, Target Corp., McDonalds, The Gap, Gerber and UbiSoft.

Market

As the digital audience continues to grow, online advertising spend is increasing, with consumers spending significantly more time with connected devices than even traditional television. Digital advertising spend is growing at 15% CAGR over five years (2013-2017), and is expected to reach over $50 billion in 2014 alone. By 2017 that number is expected to surge to over $74 billion. blinkx sees a number of important sectoral shifts that are fueling this overall growth, even as desktop budgets show signs of leveling and even reversion.

1. We are witnessing ***the continued growth of video***. By 2017, nearly 1 million minutes of video will traverse the Internet every second. Online video currently constitutes 57% of all consumer Internet traffic, but will reach 69% by 2017. As the amount of video being consumed online increases, video advertising budgets are continuing to increase steadily at 31% CAGR, and are expected to grow from an estimated $6 billion in 2014 to $11 billion by 2017.

2. As the proliferation of mobile devices continues to accelerate, smartphones and tablets are enabling consumers to engage with media anytime, anywhere. This consumer pattern is prompting ***an accelerating shift toward mobile ad spending.*** Consumers now spend more time with connected devices than any other form factor, with an average of 346 minutes spent per day, compared with 268 minutes spent per day with TV. Mobile advertising spend, which today is weighted heavily toward direct response, is growing at 46.5% CAGR, while mobile video spend is expected to expand from a small base of $0.7 billion in 2013 to $4.9 billion in 2017.

3. Further improving the ability to target audiences, ***data is fueling the dominance of automated trading***, with increasing inventory bought and sold via Real Time Bidding ("RTB"). Growing at 33% CAGR, RTB budgets will nearly triple from $3.4 billion in 2013 to $10.7 billion by 2017. Automated trading accounted for over 50% of display ad spending in 2013 and is expected to exceed 80% by 2017. Even more impressive, mobile RTB is growing at a remarkable 128% CAGR and will account for one third of all RTB spending by 2017.

As the industry continues to evolve, we expect to see ***emerging quality standards*** begin to converge. In addition, the digital advertising landscape will undergo change as ***industry consolidation*** continues throughout the ecosystem. We expect to see this trend grow, especially in the areas of video, mobile and automated trading.

Technology

Blinkx's technology and product efforts are focused on four key pillars – including audiences, content providers, advertisers and core/platform products.

During the Period, blinkx continued to invest in products and technology, with a priority focus on cross-screen advertising. The Company is in the process of advancing its cross-screen user identification technology, allowing it to track a common user across channels and formats. This allows for simultaneous, autonomous and sequential campaigns to be seamlessly distributed across desktops, smartphones, tablets and Connected TVs.

The Company also unveiled a number of high-value advertising products. For example, one new video product format is designed to anchor to the bottom of the browser window and not the page itself, ensuring in-view exposure of ads at scale within a transparent and brand safe environment.

In addition, blinkx is migrating its core infrastructure from data centers to the Amazon Web Services (AWS) cloud, enabling rapid scale and flexibility.

Acquisitions

We maintain our policy of using acquisitions to accelerate the evolution of blinkx in line with industry changes. Our internal corporate development team follows a disciplined, rigorous process with every acquisition to determine value accretion 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.

During the Period, we acquired LYFE Mobile Inc., an innovative mobile Demand Side Platform (DSP) and Data Management Platform (DMP), to expand our scope within the mobile ecosystem. LYFE provides a smart mobile technology to programmatically deliver relevant ads to consumers based on their geographic location and other attributes. LYFE's targeting capabilities and API recognize a mobile user's recent activities and can seamlessly insert advertising on over 5,000 devices and across 100,000 mobile applications. Offering a means to access additional demand, LYFE follows last year's acquisition of Rhythm NewMedia, the ultra-premium mobile technology platform, to further catalyze the growth of our mobile business. LYFE meets the Company's strategic objective to forward integrate through the programmatic supply chain and complements mobile direct sales through automated trading. Through the acquisition, blinkx has gained a nimble, entrepreneurial team of engineers and data scientists, as well as proprietary technology. LYFE is now being integrated with our mobile offering, providing a strong foothold into this growth vector.

Leadership

In the past 6 months the Company further strengthened the Board of Directors with the appointment of Stanford Business School Associate Dean Raj Chellaraj as an Independent Non-executive Director and member of the Company's Audit Committee. Raj brings to blinkx over thirty years of finance, strategy and governance expertise in both the private and public sectors. In his role as Associate Dean for Finance and Administration at Stanford Business School he acts as the CFO, responsible for finance, accounting, human resources, procurement, information services, facilities and operations. Prior to joining Stanford University, Raj held several senior government positions in the George W. Bush administration. Most recently he was the Assistant Secretary of State for Administration in the United States Department of State, to which he was nominated by President Bush and confirmed unanimously by the United States Senate. Previously, he was a Senior Executive Officer at the United States Mint in Washington DC. He also served as Counselor to the Assistant Administrator at the United States Agency for International Development and Program Advisor at the United States Environmental Protection Agency.

In addition to his public sector expertise, Mr. Chellaraj has several years of senior corporate leadership experience, most recently as Vice President, Planning, at Hostess Brands Corporation, part of Ripplewood Holdings, where he was a member of the CEO's Senior Leadership Team. Earlier, he served as Director of Corporate Development at Celanese Corporation, a Blackstone Group Company, and held various management, finance, operations and planning roles at Exxon Corporation, Strategic Analysis Inc. and FMC Corporation.

During the period, the Company also made key hires in product, technology, sales and operations, particularly around mobile and video. Drawing upon their years of industry experience, these latest additions to the blinkx leadership team will offer invaluable insights and expertise for these high-growth areas.

Financial Highlights

Over 95% of blinkx's revenue is generated from online advertising. Technology and services related to managing digital assets and advertising spend account for the remainder of revenue. For the half year ended September 2014, revenue totaled $106.0 million, compared with $111.6 million in revenue reported for the half year ended September 2013 (H12014). The Company saw strong revenue growth in its mobile ad formats, which accounted for 20% of the overall H12015 revenues versus 1% in H12014, and began to displace the declining desktop advertising formats. Revenue from desktop advertising was impacted both by the industry shift to mobile as well as the lingering commercial and reputational effects of the attack on the Company's stock earlier in the calendar year.

Adjusted EBITDA before acquisition and non-recurring costs and amortization of purchased intangibles for H12015 was $1.0 million compared with adjusted EBITDA before acquisition and non-recurring costs and amortization of purchased intangibles of $18.2 million for H12014.

Loss from operations before acquisition and non-recurring costs and amortization of purchased intangibles for H12015 was $3.4 million compared with profit from operations before acquisition and non-recurring costs and amortization of purchased intangibles of $15.1 million for H12014. The shortfall in profitability was caused by a decline in revenue as indicated above and an increase in the cost of traffic acquisition and related operating costs during the Period, primarily due to the shift in the competitive environment and mobile growth.

Adjusted net loss before acquisition costs and non-recurring costs and amortization of purchased intangibles and other income for H12015 was $5.6 million compared with an adjusted net profit before acquisition costs and non-recurring costs and amortization of purchased intangibles and other income of $12.2 million for H12014. Net loss for H12015 was $11.9 million compared to a net profit of $7.8 million for H12014.

blinkx's cash balance at 30 September 2014 was $114.6 million, which remained intact since June 30 2014, compared with $69.4 million at 30 September 2013.

The principal risks and uncertainties affecting the Group have not changed since those disclosed in the annual report for the year ended 31 March 2014.

Outlook

As we enter the second half of the financial year, our vision for the Company remains to connect consumers and brands through content on any device, anywhere in the world. Through our multi-faceted business model, strategic acquisitions, patented technology, experienced leadership and talented employee base, we feel well positioned to adapt to current and future shifts in the industry and convert them into opportunities. We are taking steps to reallocate resources to emerging channels, specifically around mobile video and automated trading. Overall, we anticipate a broadly similar result for the second half as for the first half while the investment in mobile continues. As the industry continues to change and advertisers grow more comfortable with high-growth ad formats and emerging standards, we remain confident and optimistic in our prospects and the industry.

BLINKX PLC
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
Results for the six months to 30 September 2014
(in thousands, except per share amounts)

	Note	Six months to 30 September 2014 (unaudited) $'000	Six months to 30 September 2013 (unaudited) $'000
Revenue: continuing operations		106,004	111,551
Cost of revenue		(56,719)	(53,197)
Research and development		(13,964)	(10,803)
Sales and marketing		(31,664)	(26,442)
Administrative expenses		(7,150)	(6,041)
		(109,497)	(96,483)
Amortisation of purchased intangibles			
Research and development		(1,750)	(846)
Sales and marketing		(2,911)	(1,826)
		(4,661)	(2,672)
Acquisition and non-recurring costs	8	(1,623)	(1,715)
(Loss) profit from operations		(9,777)	10,681
(Loss) profit from operations before acquisition and non-recurring costs and amortisation of purchased intangibles*		(3,493)	15,068
Other income		7	-
Net investment revenue		67	102
(Loss) profit before taxation		(9,703)	10,783
Tax	3	(2,163)	(2,969)
(Loss) profit for the year attributable to equity holders of the parent		(11,866)	7,814
(Loss) profit for the year attributable to equity holders of the parent before acquisition and non-recurring costs, amortisation of purchased intangibles and other income**		(5,589)	12,201

	Note	Cents	Cents
Earnings per share			
Adjusted basic*	4	**(1.40)**	**3.33**
Basic	4	**(2.96)**	**2.13**
Adjusted diluted*	4	**(1.40)**	**3.29**
Diluted	4	**(2.96)**	**2.11**

**Adjusted for acquisition and non-recurring costs of $1.6m (2013:$1.7m) and amortization of purchased intangibles of $4.7m (2013: $2.7m).*

*** Adjusted for acquisition and non-recurring costs of $1.6m (2013:$1.7m), amortization of purchased intangibles of $4.7m (2013: $2.7m) and other income of $7 thousand (2014:nil).*

BLINKX PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
For six months ended 30 September 2014

	Six months to 30 September 2014 (unaudited) $'000	Six months to 30 September 2013 (unaudited) $'000
(Loss) profit for the year	(11,866)	7,814
Items that may be reclassified to profit and loss:		
Exchange difference on translation of foreign operations	97	1,473
Total comprehensive income for the year, net of related tax effects	**(11,769)**	**9,287**

BLINKX PLC
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at 30 September 2014
(in thousands)

	Note	As at 30 September 2014 (unaudited) $'000	As at 30 September 2013 (unaudited) $'000
ASSETS			
Non-current assets			
Goodwill		75,767	49,080
Intangible assets		38,574	24,930
Property, plant and equipment		2,186	2,453
Other receivables		172	100
Deferred tax asset		16,892	10,332
		133,591	86,895
Current assets			
Trade receivables		37,142	35,693
Other receivables		5,302	8,219
Cash and cash equivalents		114,563	69,403
		157,007	113,315
Total assets		**290,598**	**200,210**
LIABILITIES			
Current liabilities			
Trade and other payables		(38,710)	(39,180)
Non-current liabilities			
Deferred tax liability		(654)	-
Other payables		(600)	(560)
Total liabilities		**(39,964)**	**(39,740)**
Net assets		**250,634**	**160,470**
Shareholders' equity			
Share capital	5	7,469	6,949
Share premium account	5	167,987	105,273
Shares to be issued	6	3,579	723
Share based payment reserve		19,433	15,060
Currency translation reserve		(8,372)	(7,820)
Merger reserve		61,681	33,089
Retained earnings (deficit)		(1,143)	7,196
Total equity		**250,634**	**160,470**

BLINKX PLC
CONDENDSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
For the six months to 30 September 2014
(in thousands)

	Six months to 30 September 2014 (unaudited)	Six months to 30 September 2013 (unaudited)
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit from operations	(9,777)	10,681
Adjustments for:		
Depreciation and amortization	7,066	4,704
Share based payments	2,114	1,085
Acquisition and non-recurring costs	(496)	-
Foreign exchange gain	325	1,419
Operating cash flows before movements in working capital	**(768)**	**17,889**
Changes in operating assets and liabilities:		
Increase in trade and other receivables	(2,651)	(6,348)
(Decrease) increase in trade and other payables	(4,042)	5,248
Net cash generated (used) by operations	**(7,461)**	**16,789**
Income taxes refund (paid)	79	(2,020)
Net cash (used) generated by operating activities	**(7,382)**	**14,769**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	67	102
Purchase of property, plant and equipment	(298)	(786)
Capitalization of internal development charges	(1,465)	(1,275)
Acquisitions, net of cash acquired	(3,163)	(3,042)
Net cash used in investing activities	**(4,859)**	**(5,001)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on finance lease	(14)	(56)
Proceeds from issuance of shares	47	3,370
Net cash generated in financing activities	**33**	**3,314**
Net (decrease) increase in cash and cash equivalents	(12,208)	13,082
Beginning cash and cash equivalents	126,909	55,861
Effect of foreign exchange on cash and cash equivalents	(138)	460
Ending cash and cash equivalents	**114,563**	**69,403**

BLINKX PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six months to 30 September 2014
(in thousands)

	Ordinary share capital	Share premium account	Shares to be issued	Share based payment reserve	Currency translation reserve	Merger reserve	Retained loss	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2013	**6,850**	**101,975**	**750**	**13,975**	**(9,293)**	**33,089**	**(2,355)**	**144,991**
Net profit for the year	-	-	-	-	-	-	7,814	7,814
Other comprehensive income	-	-	-	-	1,473	-	-	1,473
Total comprehensive income for the year	-	-	-	-	1,473	-	7,814	9,287
Issue of shares, net of costs	99	3,298	(27)	-	-	-	-	3,370
Credit to equity for share based payments	-	-	-	1,085	-	-	-	1,085
Tax movement on share options	-	-	-	-	-	-	1,737	1,737
Balance as at 30 September 2013	**6,949**	**105,273**	**723**	**15,060**	**(7,820)**	**33,089**	**7,196**	**160,470**
Balance as at 1 April 2014	**7,461**	**167,945**	**3,579**	**17,322**	**(8,469)**	**61,681**	**12,372**	**261,891**
Net loss for the year	-	-	-	-	-	-	(11,866)	(11,866)
Other comprehensive income	-	-	-	-	97	-	-	97
Total comprehensive income for the year	-	-	-	-	97	-	(11,866)	(11,769)
Issue of shares, net of costs	8	42	-	-	-	-	-	50
Credit to equity for share based payments	-	-	-	2,111	-	-	-	2,111
Tax movement on share options	-	-	-	-	-	-	(1,649)	(1,649)
Balance as at 30 September 2014	**7,469**	**167,987**	**3,579**	**19,433**	**(8,372)**	**61,681**	**(1,143)**	**250,634**

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

1. Basis of preparation

The condensed interim financial statements have been prepared using accounting policies and methods of computation consistent with those used in the audited statutory financial statements for the year ended 31 March 2014 and International Financial Reporting Standards ("IFRSs") as adopted for use in the European Union. While the financial information included in this interim announcement has been compiled in accordance with the recognition and measurement principles of IFRSs, this announcement does not itself contain sufficient information to comply with IFRSs. These interim financial statements do not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006.

Statutory financial statements for the year ended 31 March 2014 are available on blinkx plc's (the "Group's") website www.blinkx.com and have been filed with the Registrar of Companies. The Group's auditor issued a report on those financial statements that was unqualified, did not contain a statement under section 498(2) or section 498(3) of the Companies Act 2006 and did not draw attention to any matters by way of emphasis.

The information for the six month period ended 30 September 2014 is unaudited, but reflects all normal adjustments which are, in the opinion of management, necessary to provide a fair statement of results and the Group's financial position for and as at the period presented. The results of operations for the period ended 30 September 2014 are not necessarily indicative of the operating results for future operating periods.

The directors have considered the financial resources of the Group and the risks associated with doing business in the current economic climate and believe the Group is well placed to manage these risks successfully. The directors have reviewed management's business plan setting out key business assumptions and considered it to be reasonable and are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future being a period of no less that 12 months from the date of signing of this interim report. Accordingly, they continue to adopt the going concern basis in preparing this interim announcement.

2. Share-based payments

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

	Six months to 30 September 2014 (unaudited)	Six months to 30 September 2013 (unaudited)
	$'000	$'000
Sales and marketing	746	575
Research and development	296	266
Administrative expenses	1,069	244
	2,111	1,085

3. Taxation

The tax charge for the six month period ended 30 September 2014 was $2.2 million compared to $3.0 million for the six month period ended 30 September 2013. The tax charge for the Period represents the best estimate of the average annual effective income tax rate expected for the full year plus the effect of discrete items recognized in the period.

4. Earnings per share

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

	Six months to 30 September 2014 (unaudited) $000	Six months to 30 September 2013 (unaudited) $000
Earnings		
Adjusted* (loss) profit (used in calculation of basic and diluted loss per share)	(5,589)	12,201
(Loss) profit (used in calculation of basic and diluted loss per share)	(11,866)	7,814
	Number	**Number**
Number of shares		
Weighted average number of shares for the basic earnings per share	400,269,402	366,059,493
Weighted average number of shares for the diluted earnings per share	400,269,402	370,986,946

**Adjusted for acquisition and non-recurring costs of $1.6m (2013:$1.7m) and amortization of purchased intangibles of $4.7m (2013: $2.7m).*

5. Share capital

The increase of shares in the period relates to the issuance of 261,652 shares to the shareholders of Burst Media Corporation and 499,189 shares on the exercise of employee share options.

6. Shares to be issued

The shares to be issued reserve relates to shares that 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 consideration.

7. Acquisition of subsidiary

On 1 May, 2014 the Group acquired 100% of the issued share capital of LYFE Mobile Inc. (LYFE), an innovative mobile Demand-Side Platform (DSP) and Data Management Platform (DMP), in a cash transaction totaling $2.6 million with an additional $0.3 million payable in 2 years from the closing date of the transaction. Up to a further $0.8 million is payable after one year contingent upon the product line meeting certain financial conditions. It is currently estimated that the additional contingent payment will be $0.2 million.

LYFE offers a smart mobile technology to programmatically deliver relevant ads to consumers based on their geographic location and other attributes. With access to over 100 million users in the US and 600 million worldwide through its integrations with supply side partners, LYFE’s cross-channel platform offers a full range of mobile advertising formats, including mobile display, video and native ads with customized, dynamic audience segmentation and targeting capabilities.

As part of the transaction, blinkx has retained the LYFE Mobile team—a talented and multifaceted group of engineers, data scientists and business staff with years of relevant mobile experience and relationships.

The integration of Lyfe Mobile will be completed over the second half of the year. At this time it is not practicable to determine the amount of revenue attributable to Lyfe Mobile since acquisition, or the revenue and loss for the combined entity for the reporting Period, as though the acquisition date occurred at the beginning of the reporting Period, but this information will be included in the annual report for the year ending 31 March 2015.

The provisional fair value of the financial assets at the time of purchase was $3.1 million as detailed in the table below:

	Provisional FV @ date of purchase $ million
Goodwill	2.4
Intangibles (trademarks, technology, publisher and advertiser relationships)	1.8
Trade receivables	0.6
Accounts payable, accruals and other liabilities	(1.0)
Deferred tax liability	(0.7)
Total consideration	3.1

8. Acquisition and non-recurring costs

In line with the way the Board and chief operating decision maker review the business, large one-off acquisition and non-recurring costs and other costs related to acquisitions such as amortization 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 cost considered non-recurring include restructuring charges.

Acquisition and non-recurring costs:

	Six months to 30 September 2014 (unaudited) $000	**Six months to 30 September 2013 (unaudited) $000**
Acquisition costs:		
Severance and retention costs	0.8	0.1
Professional fees	0.4	0.3
Total acquisition costs	1.2	0.4
Non-recurring costs:		
Restructuring charges	0.4	1.3
Total non-recurring costs	0.4	1.3
Total acquisition and non-recurring costs	1.6	1.7

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. Their remuneration is disclosed within the Directors' Report as reported in the Statutory financial statements for the year ended 31 March 2014 which does not form part of this report. There were no other related party transactions in either the current year or prior year.

INDEPENDENT REVIEW REPORT TO BLINKX PLC

We have been engaged by the company to review the interim set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 that comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and related notes 1 to 9. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The interim set of financial statements included in this half-yearly financial report have been prepared in accordance with the accounting policies the group intends to use in preparing its next annual financial statements.

Our responsibility
Our responsibility is to express to the company a conclusion on the interim set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 is not prepared, in all material respects, in accordance with the AIM Rules of the London Stock Exchange.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom
11 November 2014