



3 November 2009

**BLINKX PLC ANNOUNCES RESULTS FOR THE SIX MONTHS ENDED  
30 SEPTEMBER 2009**

*blinkx reports record results for the half year, revenue doubles year on year, ahead of analyst consensus on revenue and gross profit*

*blinkx's interim period conference call will be webcast live at [www.blinkx.com](http://www.blinkx.com) on 3 November 2009, at 9:30 a.m. GMT/4:30 a.m. EDT/1:30 a.m. PDT.*

**Cambridge, England and San Francisco, CA** – 3 November 2009 - blinkx PLC (BLNX.L), the world's largest video search engine, today reported financial results for the six months ended 30 September 2009.

**Financial Highlights**

	<b>Six months to 30 September 2009 (unaudited) \$'000</b>	<b>Six months to 30 September 2008 (unaudited) \$'000</b>
Revenues	13,092	6,359
Gross profit	8,483	4,506
Loss from operations	(7,366)	(4,278)
Loss for the period	(6,962)	(3,259)
Loss per share (cents)	<b>Cents</b>	<b>Cents</b>
Basic	(2.5)	(1.17)
Cash used by operating activities	(8,061)	(4,705)
Cash balance as at 30 September	10,753	32,433

**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)
- 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
- 238% increase in advertising campaigns over first half FY09
- Fastest growth of content partnership base in a six month period with 140 partners added including NBC Digital Media, the Meredith Corporation and the Canadian Broadcasting Corporation. Total partnerships now exceeds 650
- DSO improved to 67 days from 83 days FY2009
- Loss from operations was \$7.4m and included \$1.4m of non-recurring costs relating to infrastructure investments

**Commenting on the preliminary results Suranga Chandratillake, founder and CEO of blinkx, said:** “The six months ending September 30 2009 clearly demonstrate the strength and vitality of blinkx’s business model. Despite universally challenging macroeconomic conditions, blinkx has continued its robust growth, with revenue more than doubling compared to the same period a year ago.

Our decision to make and deploy significant infrastructure investments early in the period has already proven successful, delivering substantial revenue and gross profit improvements that are reflected in these results. blinkx’s consumer sites continue to draw an ever larger global audience—during the period our video streams increased by 170% and we broke into the Top 10 Video Sites as measured by both comScore and Nielsen. The measurable ROI derived through blinkx’s Contextually Targeted Video Advertising continued to attract brand advertisers and command strong overall CPMs (Cost Per Mille). blinkx customers included more new brands and more repeat orders than in any previous period, resulting in a 238% increase in advertising campaigns over the previous half. The strength of our consumer brand also continues to secure top tier content partnerships, with the company signing more agreements in the past six months than in any comparable period, including NBC Digital Media, the Meredith Corporation and the Canadian Broadcasting Corporation.

Mr. Chandratillake continued: “We see the remainder of 2009 and 2010 as a period of tremendous opportunity. As the global economic recovery creates a high-velocity upturn in advertising, blinkx is perfectly positioned to profit from the increasing dominance of online advertising and the continued momentum towards ROI-driven advertising.”

Mr. Chandratillake concluded: “As evidenced by these results, blinkx has made significant progress and enjoyed vigorous growth through the economic downturn. We are ready to ride the wave of the imminent upturn—we are fully funded and will take all appropriate opportunities to continue our rapid expansion.”

### **Financial Highlights**

For the six months ended 30 September 2009 (H1 2010), revenues totaled \$13.1 million increasing 105% over the \$6.4 million in revenues reported for the 6 months ended 30 September 2008 (H1 2009). Gross profit for H1 2010 was \$8.5 million representing a gross margin of 64.8%. Gross profit for H1 2009 was \$4.5 million, representing a gross margin of 70.9%. Net loss for H1 2010 was \$7.0 million and included \$1.4 million of non-recurring costs relating to infrastructure investments. Net loss for H1 2009 was \$3.3 million. Loss per share for H1 2010 was 2.5 cents and for H1 2009 was 1.17 cents. blinkx’s cash balance at 30 September 2009 was \$10.8 million. (30 September 2008: \$32.4 million)

The cash used in operating activities included \$1.4m of non-recurring costs relating to the integration of investments in our infrastructure. As a result of these investments and their positive impact on revenues, we expect a significant reduction in our use of cash in operating activities over the next twelve months.

### **Customer and Business Developments**

Global brand advertisers continued to subscribe to blinkx’s targeted advertising products during this period. Brands such as Microsoft, Toyota and P&G booked campaigns through agencies including Universal McCann, Ogilvy and Grey Group. During the economic downturn, advertisers have made particular use of blinkx AdHoc’s contextually targeted video advertising products that automatically display advertisements, not just in the relevant videos, but at the peak moments of consumer intent within those videos.

In the past six months, blinkx has expanded its roster of premier media partners to over 650, including the addition of programming from industry leaders such as NBC Digital Media, Meredith Corporation and the Canadian Broadcast Corporation.

## **Product and Technology Developments**

blinkx's flagship products continued to enjoy significant development through the period.

blinkx.com's popular Remote site was extended beyond television shows to provide easy navigation to full-length movies and a library of approximately 500,000 music videos. blinkx also advanced its video services to capitalize on the growth in the so-called Real-Time Web, indexing videos popular on social networks and sharing sites.

blinkx Beat, the downloadable desktop video player continued to grow in audience with a strong increase in daily downloads through the period. blinkx Beat users constitute a loyal and active audience, and the product enjoys a healthy lifecycle. blinkx also introduced a new Video Toolbar, a downloadable application that is a persistent presence on users' desktops, providing useful online video search and recommendation functionality. On average, the download rates of the new blinkx Video Toolbar doubled month on month in the final three months of the period.

In addition to maintaining its video search stronghold on computers, blinkx has made the leap from PC to TV, through its distribution agreement with Interactive Service Provider, Miniweb. blinkx powers search, recommendations and ad targeting on Miniweb's pioneering interactive TV platform. Miniweb was the recipient of Best Interactive Service/Application award at IPTV World 2009, and selected blinkx for its unrivalled functionality, which will allow audiences to search and discover content seamlessly from both broadcast television and internet video, including relevant portions of blinkx's index of video content, through suitable Miniweb-enabled devices.

## **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](http://www.blinkx.com)

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**BLINKX PLC**  
**CONSOLIDATED INCOME STATEMENT (UNAUDITED)**  
**Results for the six months to 30 September 2009**  
(in thousands, except per share amounts)

	<b>Six months to 30 September 2009 (unaudited) \$'000</b>	<b>Six months to 30 September 2008 (unaudited) \$'000</b>
<b>Revenue: continuing operations</b>	13,092	6,359
Cost of revenue	(4,609)	(1,853)
<b>Gross profit</b>	<u>8,483</u>	<u>4,506</u>
<b>Operating expenses</b>		
Research and development	(5,397)	(2,170)
Sales and marketing	(9,373)	(6,054)
Administrative expenses	(1,079)	(560)
<b>Loss from operations</b>	<u>(7,366)</u>	<u>(4,278)</u>
Investment revenues	20	863
<b>Loss before taxation</b>	<u>(7,346)</u>	<u>(3,415)</u>
Tax	384	156
<b>Loss for the year attributable to equity holders of the parent</b>	<u><u>(6,962)</u></u>	<u><u>(3,259)</u></u>
<b>Loss per share (cents)</b>	<b>cents</b>	<b>Cents</b>
Basic and diluted	<u>(2.5)</u>	<u>(1.17)</u>

**BLINKX PLC**  
**CONSOLIDATED BALANCE SHEET (UNAUDITED)**  
**As at 30 September 2009**  
(in thousands)

	As at 30 September 2009 (unaudited) \$'000	As at 30 September 2008 (unaudited) \$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	2,381	-
Intangibles assets	5,035	6
Property, plant and equipment	745	431
Other receivables	630	-
	<u>8,791</u>	<u>437</u>
<b>Current assets</b>		
Trade receivables	3,563	5,216
Other receivables	3,402	1,936
Cash and cash equivalents	10,753	32,433
	<u>17,718</u>	<u>39,585</u>
Total assets	<u>26,509</u>	<u>40,022</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	(6,560)	(4,546)
<b>Non current liabilities</b>		
Other payables	(455)	-
<b>Total Liabilities</b>	<u>(7,015)</u>	<u>(4,546)</u>
<b>Net assets</b>	<u>19,494</u>	<u>35,476</u>
<b>Shareholders' equity</b>		
Share capital	5,509	5,487
Share premium account	49,126	49,126
Stock compensation reserve	8,568	7,229
Currency translation reserve	(7,589)	(2,820)
Merger reserve	(4,323)	(4,323)
Retained earnings	(31,797)	(19,223)
<b>Total equity</b>	<u>19,494</u>	<u>35,476</u>

**BLINKX PLC**  
**CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**  
**Results for six months to 30 September 2009**  
(in thousands)

	<b>Six months to 30 September 2009 (unaudited) \$'000</b>	<b>Six months to 30 September 2008 (unaudited) \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss from operations</b>	(7,366)	(4,278)
Adjustments for:		
Depreciation and amortisation	1,514	118
Share based payments	705	800
Foreign exchange gains	(455)	(273)
<b>Operating cash flows before movements in working capital</b>	(5,602)	(3,633)
<b>Changes in operating assets and liabilities:</b>		
Decrease/(Increase) in trade and other receivables	1,060	(3,595)
(Decrease)/Increase in trade and other payables	(3,519)	2,523
<b>Net cash used by operations</b>	(8,061)	(4,705)
Income taxes received	-	-
<b>Net cash used by operating activities</b>	(8,061)	(4,705)
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Interest received	20	863
Purchase of property, plant and equipment	(379)	(103)
Cash paid to purchase net assets	(3,892)	-
Costs incurred to purchase net assets	(305)	-
<b>Net cash (used) / generated by investment activities</b>	(4,556)	760
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	22	4
<b>Net cash generated by financing activities</b>	22	4
Net decrease in cash and cash equivalents	(12,595)	(3,941)
Beginning cash and cash equivalents	21,366	39,436
Effect of foreign exchange on cash and cash equivalents	1,982	(3,062)
<b>Ending cash and cash equivalents</b>	<u>10,753</u>	<u>32,433</u>

**BLINKX PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**For the six months ended 30 September 2009**  
(in thousands)

	Ordinary share capital \$'000	Share premium account \$'000	Stock compensation reserve \$'000	Currency Translation Reserve \$'000	Merger reserve \$'000	Retained earnings \$'000	Total \$'000
<b>Balance 1 April 2008</b>	5,483	49,126	6,429	516	(4,323)	(15,964)	41,267
Issue of shares	4	-	-	-	-	-	4
Current period losses	-	-	-	-	-	(3,259)	(3,259)
Exchange differences on translation	-	-	-	(3,336)	-	-	(3,336)
Share based payments	-	-	800	-	-	-	800
<b>Balance as at 30 September 2008</b>	<u>5,487</u>	<u>49,126</u>	<u>7,229</u>	<u>(2,820)</u>	<u>(4,323)</u>	<u>(19,223)</u>	<u>35,476</u>

	Ordinary share capital \$'000	Share premium account \$'000	Stock compensation reserve \$'000	Currency Translation Reserve \$'000	Merger reserve \$'000	Retained earnings \$'000	Total \$'000
<b>Balance as at 1 April 2009</b>	5,487	49,126	7,863	(9,116)	(4,323)	(24,835)	24,202
Issue of shares	22	-	-	-	-	-	22
Current period losses	-	-	-	-	-	(6,962)	(6,962)
Exchange differences on translation	-	-	-	1,527	-	-	1,527
Share based payments	-	-	705	-	-	-	705
<b>Balance as at 30 September 2009</b>	<u>5,509</u>	<u>49,126</u>	<u>8,568</u>	<u>(7,589)</u>	<u>(4,323)</u>	<u>(31,797)</u>	<u>19,494</u>

**BLINKX PLC**  
**NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

**1. Basis of preparation**

The interim financial statements have been prepared using accounting policies consistent with those used in the statutory financial statements for the year ended 31 March 2009 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 435 of the Companies Act 2006.

Statutory financial statements for the year ended 31 March 2009 are available on the Group’s website [www.blinkx.com](http://www.blinkx.com) and have been filed with the Registrar of Companies. The Group’s auditors issued a report on those financial statements that was unqualified and did not contain a statement under section 498(2) or section 498(3) of the Companies Act 2006.

The information for the six month period ended 30 September 2009 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 2009 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 environment and believe the Group is well placed to manage these risks successfully. In doing this they have prepared a business plan setting out key business assumptions. The directors have considered these assumptions to be reasonable and that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing this interim announcement.

**2. Share-based payments**

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

	<b>Six months to 30 September 2009 (unaudited) \$'000</b>	<b>Six months to 30 September 2008 (unaudited) \$'000</b>
Sales and marketing	283	313
Research and development	371	430
Administrative expenses	51	57
	<u>705</u>	<u>800</u>

**3. Taxation**

A tax credit of \$384,000 (6 months to 30 September 2008: \$156,000) is reflected in the income statement in relation to research and development tax credits.

#### 4. Loss per share

The loss per ordinary share and diluted loss per share are equal because share options are only included in the calculation of diluted earnings per share if their issue would decrease the net earnings per share or increase the net loss per share. The calculation is based on information in the table shown below.

	<b>Six months to 30 September 2009 (unaudited) \$'000</b>	<b>Six months to 30 September 2008 (unaudited) \$'000</b>
<b>Earnings</b>		
Loss (used in calculation of basic and diluted loss per share)	<u>(6,962)</u>	<u>(3,259)</u>
<b>Number of shares</b>		
Weighted average number of shares for the purpose of basic and diluted earnings per share	<u>278,470,242</u>	<u>278,023,261</u>

#### 5. Share capital

The issuance of shares in the year relates to the exercise of employee share options.

## **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 2009 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 5. 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 them 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 2009 is not prepared, in all material respects, in accordance with the AIM Rules of the London Stock Exchange.

### **Deloitte LLP**

Chartered Accountants and Statutory Auditors  
Cambridge, United Kingdom  
November 2009