11 November 2011

BLINKX PLC ANNOUNCES RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

Profits up 96% year-on-year on Revenues up 63%
Strong financial performance driven by strength of advertising platform
blinkx's interim period conference call will be webcast live at www.blinkx.com on 11 November, 2011, at 9:30 a.m. GMT/4:30 a.m. EST/1:30 a.m. PST.

Cambridge, England and San Francisco, CA - 11 November 2011 - blinkx PLC (BLNX.L), the world's largest video search engine, today reported financial results for the six months ended 30 September 2011.

Financial Highlights

	Six months to 30 September 2011 (unaudited) $'000	Six months to 30 September 2010 (unaudited) $'000
Revenues	44,569	27,363
Gross profit	26,430	17,712
Profit from operations – adjusted*	4,892	2,507
Profit from operations	1,421	2,004
Profit before taxation – adjusted*	4,953	2,527
Profit before taxation	1,482	2,024
Earnings per share	**Cents**	**Cents**
Basic – adjusted*	1.64	0.82
Basic	0.63	0.66
Diluted – adjusted*	1.60	0.80
Diluted	0.62	0.64

*adjusted for Burst-related acquisition costs of $1.9m and amortization of purchased intangibles of $1.6m (2010: $0.5m amortization of purchased intangibles)

Highlights:

- Revenues increased by 63% to $44.6m, from $27.4m in H1 2011
- Adjusted* profit from operations increased by 96% to $4.9m compared with $2.5m for H1 2011
- Profit before tax (adjusted) of $5.0m, compared with $2.5m for H1 2011
- Cash balance $52.9m compared with $16.9m at 30 September 2010
- Combination of blinkx's 55m monthly unique users with Burst's total 89m monthly unique users significantly increases overall scale and reach (comScore September 2011)
- Premium content partnerships announced during the half include deals with Future Publishing, the Bleacher Report, Cinesport, NewsLook and FashionTV
- New distribution agreements with Aurasma, Roku, Orb Networks and BlueStreak Technology increase blinkx's footprint in both the Mobile and Connected TV spaces
- New brand advertising clients including Disney, Kellogg's, Nivea and Pimms
- Launch of five Burst-branded publisher channels, MomIQ, Ella, Stadium, Giant Realm and Ignition, lays the foundation for an Internet TV network
- Creation of Burst online video networks introduces relevant, TV-style programming to Burst's ecosystem of independent publishers

Commenting on the interim results Suranga Chandratillake, founder and CEO of blinkx, said: "Video advertising continues to thrive, with double-digit growth forecast for the next five years, and our performance over the last six months underlines the strength of blinkx's model within this dynamic marketplace. Momentum was driven by increased traffic through the blinkx engine and the continued success of our advertising platform, AdHoc, in attracting new marquee brands such as Disney and Kellogg's. Moreover, we made further advances in our cross-platform strategy, signing key partners like Aurasma, Roku and Orb Networks to extend distribution in the mobile and Connected TV arenas.

Over the period, we've also made great progress on the integration of Burst Media, with the introduction of five online video channels which distribute relevant, TV-style programming from blinkx's premium partners to Burst's ecosystem of independent publishers and their audiences.

blinkx's growth over the past four years is testament to both its robust business model and the power of its Internet video platform. We've proven that our search technology, content partnerships and advertising platform, combine to form a highly effective engine for monetising online video at scale. Now, the acquisition of Burst Media, and more recently of Prime Visibility Media Group (PVMG), enable us to introduce our platform and monetization engine to large new audience sectors, increasing the scope of our distribution significantly."

Mr. Chandratillake continued: "Integration of PVMG will begin immediately, and will combine our advertising platforms, enabling the blinkx video search engine to respond to a portion of PVMG's 1.5 billion daily queries with relevant video results. Where available these videos can be paired with rich media video ads that typically monetise at a higher rate."

The progress in the first half has been extremely encouraging and, whilst we are mindful of the general economic uncertainty, current trading remains strong giving us confidence for the remainder of the year."

Customer and Business Developments

In the first half of our financial year, blinkx's targeted advertising products continued to attract global brand advertisers. As the Internet claimed a growing share of ad budgets, leaders from across a breadth of industries, such as Disney, Pimms and Nivea capitalised on blinkx's unique video advertising platform, booking campaigns through top agencies, including Starcom Mediavest, Carat and Mindshare.

blinkx also made significant advances in its cross-platform distribution strategy during the period, striking new deals in the mobile and Internet TV arenas. The company is powering video for the award-winning visual browser, Aurasma, a mobile application; while Roku, Orb Networks and BlueStreak Technologies have incorporated access to blinkx's video index in their next-generation TV solutions.

On the content front, blinkx continued to expand its roster of premier media partners, including the addition of programming from diverse industry leaders, such as Future Publishing, the Bleacher Report, Cinesport, NewsLook and FashionTV.

Burst Integration

Since the acquisition of the company on 8 May 2011, blinkx has achieved significant progress on its post-acquisition integration with Burst Media Corporation, a process that is being executed in line with our expectations. We have connected the Burst AdConductor platform with blinkx's AdHoc and completed the roll-out of the Burst Channels—five demographically-defined channels which connect advertisers with specific communities on the Web—in September 2011. These channels provide the foundation for video offerings across Burst's communities, including the recently launched Burst online video networks, which introduced relevant, TV-style programming to Burst's ecosystem of independent publishers.

The blinkx and Burst sales, marketing and operations teams and their respective ad platforms, blinkx AdHoc and Burst AdConductor, have been integrated allowing the group to act as a single entity. Today, blinkx video and advertising is already playing across many Burst publisher sites, and further products exploiting the synergy of Burst's audience and blinkx's video content index are expected in the near future.

Based on the successful progress in combining blinkx and Burst, the launch of the new Channels and the integration of sales, marketing and operations, we continue to be confident that the combined group is on track with the plan outlined at the time of the acquisition, showing the expected second half weighting. Restructuring costs related to the acquisition of Burst Media were $1.9 million in the first half and are expected to amount to $2.5 million for the full year, which is less than the market predicted $4.5 million.

PVMG Acquisition
On 9 November 2011, blinkx announced its acquisition of PVMG, a leading online performance advertising network and digital marketing agency, for an aggregate consideration of US$36 million. Following the acquisition, blinkx expects to integrate PVMG's advertising platform with blinkx's so as to enable the blinkx video search engine to respond to a portion of PVMG's 1.5 billion daily queries with relevant video results. Where available these videos can be paired with rich media video ads that typically monetise at a higher rate. In September 2011, the average effective cost per mille (eCPM) of PVMG's sponsored text advertisements was approximately US$5.00, while blinkx's standard untargeted sponsored video advertisements were priced at US$13.00. blinkx believes that the combined group will be able to realise some of the differential between these two rates to generate incremental revenue.

Financial Highlights
For the six months ended 30 September 2011 (H1 2012), revenues totaled $44.6 million, an increase of 63% over the $27.4 million in revenues reported for the 6 months ended 30 September 2010 (H1 2011). Gross profit for H1 2012 was $26.4 million representing a gross margin of 59%. Gross profit for H1 2011 was $17.7 million, representing a gross margin of 65%. Adjusted net profit before acquisition and integration costs and amortisation on purchased intangibles for H1 2012 was $5.7 million (H1 2011: $2.5 million). Net profit for H1 2012 was $2.2 million (H1 2011: $2.0 million). Earnings per share for H1 2012 was 1.69 cents (adjusted basic) 0.63 cents (basic), 1.65 (adjusted fully diluted) and 0.62 cents (fully diluted). Earnings per share for H1 2011 was 0.82 cents (adjusted basic), 0.66 cents (basic), 0.80 cents (adjusted fully diluted) and 0.64 (fully diluted). blinkx's cash balance at 30 September 2011 was $52.9 million (30 September 2010: $16.9 million).

About blinkx PLC
blinkx (London AIM: BLNX) is the world's most comprehensive video search engine. Today, blinkx has indexed more than 35 million hours of audio, video, viral and TV content, and made it fully searchable and available on demand. blinkx's founders set out to solve a significant challenge – as TV and user-generated content on the Web explode, keyword-based search technologies only scratch the surface. blinkx's patented search technologies listen to – and even see – the Web, helping users enjoy a breadth and accuracy of search results not available elsewhere. In addition, blinkx powers the video search for many of the world's most frequented sites. blinkx is based in San Francisco and London. More information is available at www.blinkx.com

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BLINKX PLC
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
Results for the six months to 30 September 2011
(in thousands, except per share amounts)

	Note	Six months to 30 September 2011 (unaudited) $'000	Six months to 30 September 2010 (unaudited) $'000
Revenue: continuing operations		44,569	27,363
Cost of revenue		(18,139)	(9,651)
Gross profit		26,430	17,712
Operating expenses			
Research and development		(4,033)	(3,736)
Sales and marketing		(15,506)	(10,158)
Administrative expenses		(1,999)	(1,311)
Profit from operations before acquisition and related costs*		4,892	2,507
Acquisition and integration costs	7	(1,921)	-
Amortisation of purchased intangibles	7	(1,550)	(503)
Profit from operations		1,421	2,004
Investment revenues	3	61	20
Profit before taxation		1,482	2,024
Tax		711	-
Profit for the period attributable to equity holders of the parent before acquisition and related costs*		5,664	2,527
Profit for the period attributable to equity holders of the parent		2,193	2,024
Earnings per share (cents)		**Cents**	**Cents**
Adjusted basic*	4	1.64	0.82
Basic	4	0.63	0.66
Adjusted diluted*	4	1.60	0.80
Diluted	4	0.62	0.64

*adjusted for acquisition and integration costs of $1.9m and amortization of purchased intangibles of $1.6m (2010: $0.5m amortization of purchased intangibles

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For six months ended 30 September 2011

	Six months to 30 September 2011 (unaudited) $'000	Six months to 30 September 2010 (unaudited) $'000
Profit for the period	2,193	2,024
Exchange difference on translation of foreign operations	(1,358)	507
Total comprehensive income for the period	835	2,531

BLINKX PLC
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at 30 September 2011
(in thousands)

	Note	As at 30 September 2011 (unaudited) $'000	As at 30 September 2010 (unaudited) $'000
ASSETS			
Non-current assets			
Goodwill		26,779	2,417
Intangible assets		20,813	3,978
Property, plant and equipment		1,801	560
Other receivables		2,357	250
		51,750	7,205
Current assets			
Trade receivables		19,613	9,053
Other receivables		3,756	2,709
Cash and cash equivalents		52,928	16,867
		76,297	28,629
Total assets		128,047	35,834
LIABILITIES			
Current liabilities			
Trade and other payables		(21,452)	(6,989)
Non current liabilities			
Other payables		(263)	(90)
Total Liabilities		(21,715)	(7,079)
Net assets		106,332	28,755
Shareholders' equity			
Share capital	5	6,713	6,000
Share premium account		87,072	56,694
Shares to be issued	6	831	-
Stock compensation reserve		10,906	9,616
Currency translation reserve		(8,900)	(7,906)
Merger reserve		33,047	(4,323)
Retained earnings		(23,337)	(31,326)
Total equity		106,332	28,755

BLINKX PLC
CONDENDSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
For the six months to 30 September 2011
(in thousands)

	Six months to 30 September 2011 (unaudited)	Six months to 30 September 2010 (unaudited)
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from operations	1,421	2,004
Adjustments for:		
Depreciation and amortization	2,345	1,018
Share based payments	494	336
Foreign exchange (gains) / losses	(61)	5
Operating cash flows before movements in working capital	4,199	3,363
Changes in operating assets and liabilities:		
Increase in trade and other receivables	(4,160)	(3,196)
Increase in trade and other payables	2,110	1,611
Net cash generated by operations	2,149	1,778
Income taxes received	-	443
Net cash generated by operating activities	2,149	2,221
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Interest received	61	20
Purchase of property, plant and equipment and intangibles	(2,288)	(839)
Acquisitions, net of cash acquired	705	-
Net cash used by investment activities	(1,522)	(819)
CASHFLOWS FROM FINANCING ACTIVITIES		
Net payments on finance lease	(45)	-
Proceeds from issuance of shares	623	385
Net cash generated by financing activities	578	385
Net increase in cash and cash equivalents	1,205	1,787
Beginning cash and cash equivalents	52,809	14,579
Effect of foreign exchange on cash and cash equivalents	(1,086)	501
Ending cash and cash equivalents	52,928	16,867

BLINKX PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six months to 30 September 2011
(in thousands)

	Share Capital	Share premium account	Shares to be issued	Stock compensation reserve	Currency Translation Reserve	Merger reserve	Retained earnings	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at 1 April 2010	5,964	56,345	-	9,280	(8,413)	(4,323)	(33,350)	25,503
Issue of shares	36	349	-	-	-	-	-	385
Current period profit	-	-	-	-	-	-	2,024	2,024
Exchange differences on translation	-	-	-	-	507	-	-	507
Share based payments	-	-	-	336	-	-	-	336
Balance as at 30 September 2010	6,000	56,694	-	9,616	(7,906)	(4,323)	(31,326)	28,755

	Share Capital	Share premium account	Shares to be issued	Stock compensation reserve	Currency Translation Reserve	Merger reserve	Retained earnings	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at 1 April 2011	6,398	86,443	-	9,968	(7,542)	(4,323)	(25,530)	65,414
Issue of shares	315	629	-	-	-	37,370	-	38,315
Current period profit	-	-	-	-	-	-	2,193	2,193
Exchange differences on translation	-	-	-	-	(1,358)	-	-	(1,358)
Equity to be issued re acquisition	-	-	831	-	-	-	-	831
Share based payments	-	-	-	938	-	-	-	938
Balance as at 30 September 2011	6,713	87,072	831	10,906	(8,900)	33,047	(23,337)	106,332

BLINKX PLC
NOTES TO THE CONDENSED 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 2011 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 2011 are available on the 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 2011 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 2011 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:

	Six months to 30 September 2011 (unaudited)	Six months to 30 September 2010 (unaudited)
	$'000	$'000
Sales and marketing	312	155
Research and development	115	139
Administrative expenses	67	42
	494	336

3. Taxation

The tax credit in the period relates primarily to the tax treatment associated with the purchased intangibles and brought forward tax losses.

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 2011 (unaudited)	Six months to 30 September 2010 (unaudited)
	$'000	$'000
Earnings		
Adjusted profit (used in calculation of basic and diluted loss per share)	5,664	2,527
Profit (used in calculation of basic and diluted loss per share)	2,193	2,024
Number of shares	**Number**	**Number**
Weighted average number of shares for the basic earnings per share	345,815,693	308,147,175
Weighted average number of shares for the diluted earnings per share	353,518,944	315,128,776

Adjusted profit is the profit for the period, adjusted for acquisition costs of $1.9m and amortization of purchased intangibles of $1.6m (2010: $0.5m amortization of purchased intangibles)

5. Share capital

The issuance of shares in the period relates to the issuance of 17,401,712 shares to the shareholders of Burst Media Corporation and 1,919,497 shares on the exercise of employee share options.

6. Shares to be issued

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

7. Acquisition of Burst Media Corporation

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

At the time of issuing this statement the evaluation of the fair values of acquired assets and liabilities has not been completed. The exercise will be complete ahead of the year end.

The provisional fair value at time of purchase of net assets acquired amounted to a total of $16.0 million. This comprises $17.4 million for intangibles, $9.0 million for other assets, $2.0 million cash, $6.9 million trade and other payables and $5.5 million of deferred tax liability. The book value was the same value for all the acquired items except in relation to the purchase of intangibles and the associated deferred tax liability. The company recognised goodwill of $24.4 million. Of this goodwill amount: $9.2 million relates to an adjustment of the equity consideration (being the difference between the value of the equity per the agreement and market value of the equity on the date of completion of the acquisition); and $5.5 million to deferred tax liability.

The purchase consideration comprised of equity of $29.3 million, $0.5 million cash and $1.4 million of costs associated with the acquisition and amounts owing to Burst Media Corporation shareholders. In addition there was a fair value adjustment on the equity consideration of $9.2 million (as detailed above), bringing the overall total consideration to $40.4 million.

8. Event after the balance sheet date

On 9 November 2011 the group acquired 100% of the issued share capital of Prime Visibility Media Group Inc for a cash consideration of $36m. As the acquisition completed on 9 November 2011, it has not been practical to complete the valuation exercise of the acquired assets and liabilities prior to the authorization of these interim statements. In addition on the same date the group raised approximately $15.1 million cash via a placing of 7,000,000 ordinary shares in blinkx plc.

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 2011 which comprises the condensed consolidated income statement, 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 8. 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 2011 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 2011