



10 November 2008

BLINKX PLC ANNOUNCES RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2008

blinkx reports record results for the half year, ahead of analyst consensus on all fronts

blinkx's interim period conference call will be webcast live at www.blinkx.com on 10 November 2008, at 9:00 a.m. GMT/4:00 a.m. EDT/1:00 a.m. PDT.

Cambridge, England and San Francisco, CA – 10 November 2008 - blinkx PLC (BLNX.L), the world's largest video search engine, today reported financial results for the six months ended 30 September 2008.

Financial Highlights

	Six months to 30 September 2008 (unaudited) US\$'000	Period from 23 April (incorp.) to 30 September 2007 (unaudited) US\$'000
Revenues	6,359	2,953
Gross Profit	4,506	2,186
Loss from operations before demerger / IPO costs *	(4,278)	(2,288)
Loss for the period before demerger / IPO costs *	(3,259)	(1,407)
Loss for the period	(3,259)	(12,862)
Loss per share (cents)	cents	cents
Basic	(1.17)	(5.62)
Adjusted *	(1.17)	(0.62)
Cash used by operating activities excluding demerger / IPO costs **	(4,705)	(2,047)
Cash used by operating activities	(4,705)	(8,417)
Cash balance as at 31 March 2008	32,433	43,610

* period from 23 April to 30 September 2007 excludes demerger / IPO costs of \$11.455m

** period from 23 April to 30 September 2007 excludes demerger / IPO costs. See cash flow statement.

Highlights:

- Strong revenue growth up 115% to \$6.4m from first half FY08***
- Top and bottom line performance ahead of analyst consensus
- Gross profits up 106% to \$4.5m from first half FY08***
- Unique visitors up 106% year on year to 64 million and page views up 267% year on year to 668 million in September 2008 (source: comScore)
- Cash balances of \$32.4m at period end
- Daily Video Search run rate of over 7,000,000 per day in September 2008
- Content hours increased 78% year on year, from 18.5 million to 32 million
- 70 new content partners added, bringing total to over 420 media organizations, including Getty Images, Time Inc. and CBS
- Addition of top-tier syndication partners, including ITN, MSN UK and Rambler

- Introduction of four new strategic technology offerings:
 - blinkx Red Label
 - blinkx Remote
 - blinkx 3D
 - blinkx Broadband Television (BBTV)
- Successful execution of campaigns for leading advertisers, including Coke, Exxon, and Mercedes

*** first half FY08 contains 23 weeks of trading

Commenting on the interim results Suranga Chandratillake, founder and CEO of blinkx, said: “We are pleased to report a very strong performance this period, with both revenue and bottom line ahead of analyst consensus. In the last six months we continued to demonstrate significant momentum on all fronts – introducing four new products, signing a host of top-tier partners including ITN, MSN UK and Getty Images, and realizing substantial advertising revenues through the blinkx AdHoc platform. With a 681% growth in traffic between June 2007 and July 2008 in the UK alone, blinkx has cemented its position as the remote control for online television.”

Mr. Chandratillake continued: “While the macro environment demands a conservative view, with pressure on advertising reported by major players in the market, blinkx has benefited from the strong secular growth in online video. Over the past 12 months, online video has undergone a sea change - what was once the domain of short-form, user-generated material, has become the realm of prime time television content. This year, major networks and media companies committed to the Internet as a distribution mechanism for their premium programming. As the world’s largest, most advanced video search engine, blinkx is ideally positioned to help audiences navigate this broad, fragmented universe of high-quality programming. In addition, blinkx’s AdHoc advertising platform continues to attract advertisers drawn to our technology’s unique ability to provide targeted, action-oriented advertising within a video context.

Mr. Chandratillake concluded: “We have taken a conservative view of the macro situation and balanced that against the strong growth of the online video market. We therefore believe that in spite of the current macro-economic conditions, we expect blinkx to be able to report continued strong growth in the second half and beyond.”

Financial Highlights

For the first half 2009 (six months ending 30 September 2008), revenues totaled \$6.4 million increasing 115% over the \$3.0 million in revenues reported for the period from 23 April (incorporation) through 30 September 2007 which contained 23 weeks of trading. Gross profit for the first half of FY2009 was \$4.5 million representing a gross margin of 71%. Gross profit for the period from 23 April through 30 September 2007 was \$2.2 million, representing a gross margin of 74%. Net loss for the first half of FY2009 was \$3.3 million. Net loss for the period from 23 April through 30 September 2007, before non-recurring costs related to the IPO and demerger, was \$1.4 million (including non-recurring costs: \$12.9 million). Loss per share for the first half of FY2009 (adjusted and unadjusted) was 1.17 cents. Adjusted loss per share for period from 23 April through 30 September 2007, before one-off costs related to the IPO and demerger was 0.62 cents (unadjusted: 5.62 cents). blinkx’s cash balance at 30 September 2008 was \$32.4 million.

Customer and Business Developments

Strong demand for blinkx’s unique, patented search functionality has further cemented blinkx’s position as the gold standard in video search this period. High-profile new syndication customers included Microsoft (MSN UK), Brazilian media company Elo Audiovisual, AnSearch and Russia’s largest portal, Rambler.

In the past six months, blinkx has grown its roster of premier media partners to over 420, including the addition of programming from industry leaders such as Getty Images, Time Inc. and CBS.

blinkx AdHoc, the first contextual advertising platform for online TV, has gone from strength to strength in the first six months of FY2009, powering advertising campaigns for top brands such as Puma and Smirnoff. Moreover, based on the success of its initial campaigns on www.blinkx.com, leading news organization ITN augmented the scope of its advertising partnership with blinkx during the period. Under the terms of the extension agreement, ITN is using AdHoc to serve contextual video advertisements on the ITN website and its syndication partner sites, including Bebo.com.

blinkx's index of fully searchable online video has now surpassed 32 million hours, increasing 73% in the last 12 months, from 18.5 million hours.

Product and Technology Developments

During the first six months of FY2009 blinkx continued to lead the industry with unique and disruptive product launches, introducing four new offerings based on its patented technology. Highlights included the release of blinkx Broadband Television (BBTV) in April 2008, blinkx Remote in August 2008, and a Web-based version of BBTV in September 2008.

blinkx Remote is an advanced tool for finding full-length TV episodes on the Web. It aggregates information and access to full-length television programs on the Internet, offering audiences a single gateway for finding TV shows by channel, season, episode, title or genre, both quickly and legally.

blinkx was also first-to-market with a Web-based version of its broadband television product, blinkx BBTV. blinkx BBTV in the browser fuses a high-quality TV experience with the interactive power of the Web, without any software download.

In July 2008, blinkx, began to syndicate its video search capabilities through blinkx Red Label – an offering that deploys blinkx's patented video search technology on customers' sites, enabling them to derive new revenue through advertising.

In addition, blinkx announced the availability of blinkx 3D to capitalize on the growing popularity of 3-D virtual worlds. Gartner Research predicted that 80% of all active Internet users will have a virtual-world presence by 2011 and blinkx 3D establishes a beachhead from which blinkx will continue to develop its presence and participation in these types of online communities.

Company Developments

During the period blinkx experienced dramatic expansion in its user base to 64 million unique visitors in September 2008 from 56 million unique visitors in March 2008. (source: comScore), and was recognized by third-party research and reporting firms as one of the fastest growing websites on the Internet. According to Compete.com, blinkx is the fastest growing video site among the top 20 video competitors in the U.S. In another report, Nielsen Online listed blinkx.com as the ninth fastest growing site in the U.K. as its traffic soared 681% between June 2007 and July 2008.

Operationally blinkx expanded during the past six months to support growth and new initiatives, increasing headcount to 52 employees at 30 September 2008. Key individuals joined the blinkx sales team in order to capitalize on the thriving online video advertising market. In addition, blinkx grew its executive management team with the appointment of Jonathan Spira as Chief Financial Officer, a seasoned executive with over 20 years of experience in the technology and media industries.

About blinkx PLC

blinkx (London AIM: BLNX) is the world's most comprehensive video search engine. Today, blinkx has indexed more than 32 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
CONSOLIDATED INCOME STATEMENT (UNAUDITED)
Results for the six months to 30 September 2008
(in thousands, except per share amounts)

	Six months to 30 September 2008 (unaudited) US\$'000	Period from 23 April (incorp.) to 30 September 2007 (unaudited) US\$'000
Revenue: continuing operations	6,359	2,953
Cost of revenue	(1,853)	(767)
Gross profit	4,506	2,186
Operating expenses		
Research and development	(2,170)	(1,314)
Sales and marketing	(6,054)	(2,567)
Administrative expenses	(560)	(593)
Loss from operations before demerger / IPO costs*	(4,278)	(2,288)
Demerger / IPO costs	-	11,455
Loss from operations	(4,278)	(13,743)
Interest revenues	863	881
Loss before taxation	(3,415)	(12,862)
Taxation	156	-
Loss for the period attributable to equity holders of the parent before demerger / IPO costs *	(3,259)	(1,407)
Loss for the period attributable to equity holders of the parent	(3,259)	(12,862)
Loss per share (cents)	Cents	Cents
Basic and diluted	(1.17)	(5.62)
Adjusted*	(1.17)	(0.62)

* Period from 23 April to 30 September 2007 excludes demerger / IPO costs of \$11.455million

BLINKX PLC
CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at 30 SEPTEMBER 2008
(in thousands)

	As at 30 September 2008 (unaudited) US\$'000	As at 30 September 2007 (unaudited) US\$'000
ASSETS		
Non-current assets		
Intangibles	6	4
Property, plant and equipment	431	480
	<u>437</u>	<u>484</u>
Current assets		
Trade receivables	5,216	1,194
Other receivables	1,936	1,654
Cash and cash equivalents	32,433	43,610
	<u>39,585</u>	<u>46,458</u>
Total assets	<u>40,022</u>	<u>46,942</u>
Current liabilities		
Trade and other payables	(4,546)	(2,172)
	<u>35,476</u>	<u>44,770</u>
Net assets		
Shareholders' equity		
Share capital	5,487	5,483
Share premium	49,126	49,126
Stock compensation reserve	7,229	5,562
Currency translation reserve	(2,820)	1,685
Merger reserve	(4,323)	(4,323)
Retained earnings	(19,223)	(12,763)
Total equity	<u>35,476</u>	<u>44,770</u>

BLINKX PLC
CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
Results for six months ended 30 September 2008
(in thousands)

	Six months to 30 September 2008 (unaudited) US\$'000	Period from 23 April (incorp.) to 30 September 2007 (unaudited) US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss from on-going operation *	(4,278)	(2,288)
Demerger & IPO costs	-	(11,455)
Loss from operations	(4,278)	(13,743)
Adjustments for:		
Depreciation and amortisation	118	147
Share based compensation	800	5,676
Foreign exchange gains	(273)	(3)
Operating cash flows before movements in working capital	(3,633)	(7,923)
Changes in operating assets and liabilities:		
Increase in trade and other receivables	(3,595)	(2,666)
Increase in trade and other payables	2,523	2,172
Cash used in operating activities	(4,705)	(8,417)
Non recurring share based compensation	-	(5,085)
Demerger / IPO costs	-	11,455
Net cash used by on-going operating activities*	(4,705)	(2,047)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Interest received	863	700
Purchase of property, plant and equipment	(103)	(632)
Net cash generated by investment activities	760	68
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	4	50,384
Net cash generated by financing activities	4	50,384
Net (decrease)/ increase in cash and cash equivalents	(3,941)	42,035
Beginning cash and cash equivalents	39,436	-
Effect of foreign exchange on cash and cash equivalents	(3,062)	1,575
Ending cash and cash equivalents	32,433	43,610

* Period from 23 April to 30 September 2007 excludes demerger / IPO costs of \$11.455 million

BLINKX PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six months ended 30 September 2008
(in thousands)

	<u>Ordinary share capital</u>	<u>Share premium account</u>	<u>Stock compensation reserve</u>	<u>Currency translation reserve</u>	<u>Sub-total</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Balance as at 1 April 2008	5,483	49,126	6,429	516	61,554
Issue of shares	4	-	-	-	4
Current period losses	-	-	-	-	-
Exchange differences on translation	-	-	-	(3,336)	(3,336)
Credit to equity for share based payments	-	-	800	-	800
Balance as at 30 September 2008	<u>5,487</u>	<u>49,126</u>	<u>7,229</u>	<u>(2,820)</u>	<u>59,022</u>
	<u>Sub-total forwarded</u>	<u>Merger reserve</u>	<u>Retained earnings</u>	<u>Total</u>	
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	
Balance as at 1 April 2008	61,554	(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)	
Credit to equity for share based payments	800	-	-	800	
Balance as at 30 September 2008	<u>59,022</u>	<u>(4,323)</u>	<u>(19,223)</u>	<u>35,476</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 2008 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 240 of the Companies Act 1985.

Statutory financial statements for the year ended 31 March 2008 are available on the Group’s website 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 237(2) or section 237(3) of the Companies Act 1985.

The information for the six month period to 30 September 2008 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 2008 are not necessarily indicative of the operating results for future operating periods.

2. Share-based payments

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

	Six months to 30 September 2008 (unaudited) US\$'000	Period from 23 April (incorp.) to 30 September 2007 (unaudited) US\$'000
Research and development	430	320
Sales and marketing	313	228
Administrative expenses	57	42
Demerger / IPO	-	5,233
	800	5,823

3. Taxation

An income tax credit of \$156,000 (period from 23 April to 30 September 2007: \$nil) 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 profit per share or increase the net loss per share. The calculation is based on information in the table shown below.

	Six months to 30 September 2008 (unaudited) US\$'000	Period from 23 April (incorp.) to 30 September 2007 (unaudited) US\$'000
Earnings		
Loss (used in calculation of basic and diluted loss per share)	<u>(3,259)</u>	<u>(12,862)</u>
Loss for the period excluding, in period 23 April to 30 September 2007, demerger / IPO costs of \$11,455k (used in calculation of adjusted loss per share)	<u>(3,259)</u>	<u>(1,407)</u>
Number of shares		
Weighted average number of shares	<u>278,023,261</u>	<u>228,685,216</u>

5. Share capital

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

INDEPENDENT REVIEW REPORT TO BLINKX PLC

We have been engaged by the Group to review the interim set of financial statements in the half-yearly financial report for the six month period to 30 September 2008 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity 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 2410 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 will be prepared in accordance with IFRSs as adopted by the European Union. The interim set of financial statements included in this half-yearly financial report has 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 Group 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 accompanying interim financial information is not prepared, in all material respects, in accordance with the AIM Rules of the London Stock Exchange.

Deloitte & Touche LLP

7 November 2008

Chartered Accountants and Registered Auditor
Cambridge, United Kingdom