



9 November 2010

**BLINKX PLC ANNOUNCES RESULTS FOR THE SIX MONTHS ENDED  
30 SEPTEMBER 2010**

*blinkx achieves profitability and positive operating cash flow, doubles revenue year on year*

*blinkx's interim period conference call will be webcast live at [www.blinkx.com](http://www.blinkx.com) on 9 November, 2010, at 11:00 a.m. GMT/6:00 a.m. EST/3:00 a.m. PST.*

**Cambridge, England and San Francisco, CA** - 9 November 2010 - blinkx PLC (BLNX.L), the world's largest video search engine, today reported financial results for the six months ended 30 September 2010.

**Financial Highlights**

	<b>Six months to 30 September 2010 (unaudited) \$'000</b>	<b>Six months to 30 September 2009 (unaudited) \$'000</b>
Revenues	27,363	13,092
Gross profit	17,712	8,483
Profit / (Loss) before taxation	2,024	(7,346)
Profit / (Loss) for the period	2,024	(6,962)
Earnings / (Loss) per share (cents)	<b>Cents</b>	<b>Cents</b>
Basic	0.66	(2.5)
Diluted	0.64	(2.5)
	<b>\$'000</b>	<b>\$'000</b>
Cash generated / (used ) by operating activities	2,221	(8,061)
Cash balance as at 30 September	16,867	10,753

**Highlights:**

- Revenue more than doubled to \$27.4m from \$13.1m in H1 FY10
- Gross profit up 109% to \$17.7m from H1 FY10. Gross margin was 65 % (unchanged from H1 FY10)
- Operating profit of \$2.0m, compared with an operating loss of \$7.4m for H1 FY10
- Profit before tax of \$2.0m, compared with a loss before tax of \$7.3m for H1 FY10
- \$2.3m cash generated during the period resulting in a closing balance of \$16.9m
- Video streams in the US grew by 107% from September 2009 to September 2010 (comScore)
- Average Daily Search run rate during the period was 31.6 million searches per day, compared with 13.1 million per day in H1 FY10
- Average deal size for video advertising bookings increased by 40% from the H2 FY10
- New premium content partnerships, including the BBC, Bloomberg and AccuWeather
- Strategic entry-points established in the mobile market, significantly extending addressable market
- Continued growth of AdHoc advertising platform, with new clients including Nokia, McDonalds, Mercedes and American Express

- \$31m placing of new shares in October 2010 to provide additional funding to support blinkx's growth strategy

**Commenting on the interim results Suranga Chandratillake, founder and CEO of blinkx, said:** "The six months ending September 30, 2010 have been game-changing. blinkx transitioned into profitability and generated cash as we more than doubled revenue from the same period last year. Since our IPO, we have clearly and consistently demonstrated the strength of blinkx's business model.

Our video search offering continues to draw an ever larger global audience, through an ever increasing number of distribution points - video streams in the US grew by 107% over the past year. We established the foundation to take blinkx to mobile users on a variety of devices, and saw continued growth in searches from desktop applications. At the same time, the unique value proposition of our online video advertising platform, AdHoc, has attracted larger budgets from a growing roster of brand advertisers with the average size of video advertising deals up by 40% from the previous half."

Mr. Chandratillake continued: "With video advertising forecast to increase almost 500% over the next four years, per IDC, reaching \$11.3 billion by 2014, blinkx is perfectly positioned to profit from the increasing dominance of online media and the continued momentum towards ROI-driven advertising. Given this strong industry backdrop and our market position, we remain confident of the outlook."

### **Financial Highlights**

For the six months ended 30 September 2010 (H1 2011), revenues totaled \$27.4 million, an increase of 109% over the \$13.1 million in revenues reported for the 6 months ended 30 September 2009 (H1 2010). Gross profit for H1 2011 was \$17.7 million representing a gross margin of 65%. Gross profit for H1 2010 was \$8.5 million, representing a gross margin of 65%. Net profit for H1 2011 was \$2.0 million. Net loss for H1 2010 was \$7.0 million. Earnings per share for H1 2011 was 0.66 cents (basic) and 0.64 cents (fully diluted). Loss per share for H1 2010 was 2.5 cents (basic and fully diluted). blinkx's cash balance at 30 September 2010 was \$16.9 million (30 September 2009: \$10.8 million).

### **Customer and Business Developments**

blinkx made significant advances in its distribution strategy during the period, including further expansion of its partnership with ITN to deliver advertising around ITN content on a variety of news-oriented websites, and a joint initiative with Microsoft to release blinkx-powered Accelerators for Internet Explorer 8, which embedded blinkx functionality into the browser.

Over the past six months, 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 Nokia, McDonalds, Mercedes and American Express, capitalized on blinkx's unique video advertising platform, booking campaigns through top agencies, including Universal McCann, Ogilvy and Grey Group.

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 the BBC, Bloomberg and AccuWeather.

### **Product and Technology Developments**

On-going research & development (R&D) spend increased by 18%. On-going R&D expenditure was \$4.7m in the period, which includes \$0.6m of capitalized R&D (\$nil H1 FY10), compared with \$4.0m in the H1 FY10, excluding the \$1.4m of one-time R&D costs reported at the time. While economies of scale allowed the company to reduce infrastructure costs, blinkx emphasized its commitment to the research and development of cutting edge technology by increasing engineering headcount by 17%.

During the period, blinkx made a strong entrance into the mobile arena, establishing strategic entry-points in the market with the launch of m.blinkx.com, the release of its first mobile application, and the introduction of an API to open its index of mobile video to application developers and distribution partners. blinkx's Video Search engine is now available on the iPhone and Android-based devices.

Over the past six months, blinkx also continued its beta release programme for Cheep, the transaction hijacker product, including a successful closed test with external users and bloggers.

#### **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**  
**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**  
**Results for the six months to 30 September 2010**  
(in thousands, except per share amounts)

	<b>Six months to 30 September 2010 (unaudited) \$'000</b>	<b>Six months to 30 September 2009 (unaudited) \$'000</b>
<b>Revenue: continuing operations</b>	27,363	13,092
Cost of revenue	<u>(9,651)</u>	<u>(4,609)</u>
<b>Gross profit</b>	17,712	8,483
<b>Operating expenses</b>		
Research and development	(4,086)	(5,397)
Sales and marketing	(10,311)	(9,373)
Administrative expenses	(1,311)	(1,079)
<b>Profit / (loss) from operations</b>	<u>2,004</u>	<u>(7,366)</u>
Investment revenues	20	20
<b>Profit / (loss) before taxation</b>	<u>2,024</u>	<u>(7,346)</u>
Tax	-	384
<b>Profit / (loss) for the year attributable to equity holders of the parent</b>	<u><u>2,024</u></u>	<u><u>(6,962)</u></u>
<b>Earnings /(loss) per share (cents)</b>	<b>Cents</b>	<b>Cents</b>
Basic	<u>0.66</u>	<u>(2.5)</u>
Diluted	<u>0.64</u>	<u>(2.5)</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**  
**For six months ended 30 September 2010**

	<b>Six months to 30 September 2010 (unaudited) \$'000</b>	<b>Six months to 30 September 2009 (unaudited) \$'000</b>
<b>Profit / (loss) for the period</b>	2,024	(6,962)
Exchange difference on translation of foreign operations	<u>507</u>	<u>1,527</u>
<b>Total comprehensive income for the year</b>	<u><u>2,531</u></u>	<u><u>(5,435)</u></u>

**BLINKX PLC**  
**CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)**  
**As at 30 September 2010**  
(in thousands)

	As at 30 September 2010 (unaudited) <u>\$'000</u>	As at 30 September 2009 (unaudited) <u>\$'000</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	2,417	2,381
Intangible assets	3,978	5,035
Property, plant and equipment	560	745
Other receivables	250	630
	<u>7,205</u>	<u>8,791</u>
<b>Current assets</b>		
Trade receivables	9,053	3,563
Other receivables	2,709	3,402
Cash and cash equivalents	16,867	10,753
	<u>28,629</u>	<u>17,718</u>
Total assets	<u>35,834</u>	<u>26,509</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	(6,989)	(6,560)
<b>Non current liabilities</b>		
Other payables	(90)	(455)
<b>Total Liabilities</b>	<u>(7,079)</u>	<u>(7,015)</u>
<b>Net assets</b>	<u>28,755</u>	<u>19,494</u>
<b>Shareholders' equity</b>		
Share capital	6,000	5,509
Share premium account	56,694	49,126
Stock compensation reserve	9,616	8,568
Currency translation reserve	(7,906)	(7,589)
Merger reserve	(4,323)	(4,323)
Retained earnings	(31,326)	(31,797)
<b>Total equity</b>	<u>28,755</u>	<u>19,494</u>

**BLINKX PLC**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**  
**Results for six months to 30 September 2010**  
(in thousands)

	<b>Six months to 30 September 2010 (unaudited) \$'000</b>	<b>Six months to 30 September 2009 (unaudited) \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit / (loss) from operations</b>	2,004	(7,366)
Adjustments for:		
Depreciation and amortisation	1,018	1,514
Share based payments	336	705
Foreign exchange gains / (losses)	5	(455)
<b>Operating cash flows before movements in working capital</b>	<b>3,363</b>	<b>(5,602)</b>
<b>Changes in operating assets and liabilities:</b>		
(Increase) / Decrease in trade and other receivables	(3,196)	1,060
Increase / (Decrease) in trade and other payables	1,611	(3,519)
<b>Net cash generated / (used) by operations</b>	<b>1,778</b>	<b>(8,061)</b>
Income taxes received	443	-
<b>Net cash generated / (used) by operating activities</b>	<b>2,221</b>	<b>(8,061)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Interest received	20	20
Purchase of property, plant and equipment and intangibles	(839)	(379)
Cash paid to purchase net assets	-	(3,892)
Costs incurred to purchase net assets	-	(305)
<b>Net cash used by investment activities</b>	<b>(819)</b>	<b>(4,556)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	385	22
<b>Net cash generated by financing activities</b>	<b>385</b>	<b>22</b>
Net increase / (decrease) in cash and cash equivalents	1,787	(12,595)
Beginning cash and cash equivalents	14,579	21,366
Effect of foreign exchange on cash and cash equivalents	501	1,982
<b>Ending cash and cash equivalents</b>	<b>16,867</b>	<b>10,753</b>

**BLINKX PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**For the six months ended 30 September 2010**  
(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 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>

	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 2010</b>	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
<b>Balance as at 30 September 2010</b>	<u>6,000</u>	<u>56,694</u>	<u>9,616</u>	<u>(7,906)</u>	<u>(4,323)</u>	<u>(31,326)</u>	<u>28,755</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 2010 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 2010 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, 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 2010 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 2010 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 2010 (unaudited) \$'000</b>	<b>Six months to 30 September 2009 (unaudited) \$'000</b>
Sales and marketing	155	283
Research and development	139	371
Administrative expenses	42	51
	<u>336</u>	<u>705</u>

**3. Taxation**

No research and development tax credit has been recognised in the income statement in the period (6 months to 30 September 2009: \$384,000 tax credit).

#### 4. Earnings / (loss) per share

For the six months to 30 September 2009, 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 of the basic and diluted earnings per share is based on the following information.

	<b>Six months to 30 September 2010 (unaudited) \$'000</b>	<b>Six months to 30 September 2009 (unaudited) \$'000</b>
<b>Earnings</b>		
Profit / (loss) (used in calculation of basic and diluted loss per share)	<u>2,024</u>	<u>(6,962)</u>
<b>Number of shares</b>		
Weighted average number of shares for the basic earnings per share	<u>308,147,175</u>	<u>278,470,242</u>
Weighted average number of shares for the diluted earnings per share	<u>315,128,776</u>	<u>278,470,242</u>

#### 5. Share capital

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

#### 6. Post balance sheet events

On 15 October 2010 blinkx plc placed 23,213,763 new ordinary shares raising gross proceeds of approximately \$31.2 million.

## **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 2010 which comprises the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 6. 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 2010 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

9 November 2010