



Press Release

16 September 2016

BrainJuicer Group PLC
("BrainJuicer" or "the Group" or "the Company")

Unaudited Interim Results for the Six Months ended 30 June 2016

BrainJuicer Group PLC (AIM: BJU), the innovative international market research agency, today announces its Interim Results for the six months ended 30 June 2016.

Highlights

- 12% revenue growth to £13.04m (H1 2015: £11.61m)
- 15% gross profit growth to £10.68m (H1 2015: £9.25m)
- 22% increase in normalised profit before tax to £2.00m (H1 2015: £1.64m)
- 45% increase in reported profit before tax to £1.65m (H1 2015: £1.14m)
- 38% increase in profit after tax to £1.05m (H1 2015: £0.76m)
- 41% increase in fully diluted earnings per share to 7.9p (H1 2015: 5.6p)
- £5.18m cash at period end (31 December 2015: £6.37m) and no debt
 - £2.21m returned to shareholders by way of dividends and share buy-backs in H1
- £1.62m dividends to be paid in October 2016 (13.1p per share):
 - Interim dividend of 1.1p per share (2015 interim dividend: 1.0p)
 - Special dividend of 12.0p per share

Commenting on the results, John Kearon, Founder and Chief Juicer, said:

"It's enormously gratifying being back to double-digit growth. The business is now almost exclusively Juicy (our pioneering System1 research methods) and quantitative, enhancing our distinctiveness and ability to scale and grow revenues ahead of costs. The strong growth in our System1 Brand Tracking and Ad Testing services has also increased the proportion of business which is Ongoing in nature and therefore more stable."

This announcement contains inside information. The Company can be found at www.brainjuicer.com.

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INTERIM STATEMENT

During the 6 months to the end of June 2016 the Group returned to double digit revenue growth after two years of relatively pedestrian progress. We were helped by the fall in the value of the pound, but even in constant currency terms we have had an encouraging 6 months. Revenue grew 12% (8% in constant currency) and gross profit, our main top line indicator, by 15% (11% in constant currency).

Normalised profit before tax grew 22% and reported profit before tax increased by 45%. Cash flow was again strong, and we finished the period with cash of £5.18m at 30 June 2016 and no debt (31 December 2015: £6.37m and no debt) after having returned £2.21m to shareholders by way of dividends and share buy-backs.

Our Ad Testing and Brand Tracking services performed particularly well, with gross profit increasing by 59%. These products represented 36% of our business over the latest 6 months, and much of this business is Ongoing in nature (as opposed to Ad Hoc). These services have been growing strongly over a prolonged period with compound annual growth of 38% in gross profit over the last five years (using H1 2011 as the base). We introduced a new framework for successful brand-building last year ("Fame, Feeling & Fluency") on the back of the transition of our old Juice Generation and Behavioural Consultancy services to Brand Strategy, and this has helped propel the growth.

Predictive Markets, our largest single product (32% of our business over the latest 6 month period) declined a little, with gross profit down 4%. This is in part due to pricing pressure, which we are addressing with a lower cost and cheaper-to-deliver "express" version of the product. We have also developed a "Fluent Innovation" framework to better express its value in guiding innovation. Our other quantitative services, which collectively made up 30% of our gross profit, grew a healthy 29%. Juice Generation and Behavioural Consultancy services are now an insignificant part of our business (less than 2% in the latest period).

In terms of geography, gross profit in the US business grew 27% (17% in constant currency), and that after several years of double digit growth. The US is now our largest market by quite a margin, making up 41% of our total gross profit over the latest 6 months. In Continental Europe we grew gross profit by 30% (21% in constant currency), rebounding strongly after a decline last year, and in Brazil we also grew well (by 21%, and 33% in constant currency). In the UK, our second largest market, gross profit declined by 2% due to sharp declines in two large clients for specific reasons associated with those two clients. In one of these, for example, a large multi-year programme of work had come to a natural end. We do not believe that this is indicative of a wider trend, and indeed we have been growing other accounts well. Excluding the declines in these two clients, UK gross profit increased 22%. We experienced a small decline (5%, or 10% in constant currency) in gross profit in our Singapore and China region.

Earlier this year we launched our new creative Advertising Agency, System1, and have invested £0.26m to date in the form of operating losses. Potential clients have given positive feedback, and we remain hopeful that this will generate a new business stream for us over the long term. We envisage that the total investment (in the form of operating losses) will not exceed the planned (and communicated) £0.3m.

INTERIM STATEMENT (continued)

Normalised overheads (i.e. overheads before one-off costs, System1 Advertising Agency start-up costs, and share-based payments) grew 15%, and much of this growth was due to an increase in our bonus accrual from zero last year to £0.77m this year. Normalised profit before tax (which is reported profit excluding one-off costs, System1 Advertising Agency operating loss, and share based payments) increased by 22%, and reported profit before tax by 45%.

	H1 2016	H1 2015	growth
Normalised profit before tax	£2.00m	£1.64m	22%
Share-based payments	£(0.09)m	£(0.18)m	
One-off costs (due diligence and office move costs in 2015)	-	£(0.32)m	
System1 Advertising Agency operating loss	£(0.26)m	-	
Reported profit before tax	£1.65m	£1.14m	45%

Our effective tax rate increased from 33% to 36% due to the higher proportion of profit from the US and Continental Europe where corporation tax rates are higher than the UK. This dampened growth of profit after tax to 38%. The Company repurchased 542,439 shares during the period, and this has helped our earnings per share. Diluted earnings per share grew 41% to 7.9p per share.

Cash flow continues to be strong, with 77% conversion of profit after tax to operating cash flow (before financing). The Company paid dividends of £0.45m and repurchased £1.77m of shares from shareholders, and intends to continue to return surplus cash to shareholders via a mix of dividends and share buy backs. In addition to over £5m of cash and no debt, the Company has a £2m unused committed bank facility. We will be paying an interim dividend of 1.1p per share and a special dividend of 12.0p per share in October 2016, collectively totalling £1.62m.

As previously announced we are changing our year end from 31 December to 31 March. During this transition year, we shall report unaudited results in this format for the 12 months to 31 December 2016 during March 2017, followed by an audited report for the 15 months to 31 March 2017 during June 2017.

Outlook

After a period of modest growth over the previous two years, while our Juice Generation qualitative business and Behavioural Consultancy services were being de-emphasised, more meaningful growth has returned. The business is now almost exclusively quantitative making it easier to scale and grow. Our Brand Strategy work and "Fame, Feeling, & Fluency" framework developed last year are bearing fruit, with strong growth in our Ad Testing and Branding Tracking services. This has increased the proportion of our business which is Ongoing in nature and therefore more stable. Nevertheless, the majority of our business is still Ad Hoc, with little revenue visibility.

Despite the increased macro-economic uncertainty following the UK's EU referendum, we have not so far noticed any significant change in client behaviour, and trading during July and August has been satisfactory. As always, we are cautious in terms of the short term outlook, but we are pleased with our progress and continue to be confident in the Group's long term growth prospects.

John Kearon
Chief Juicer

James Geddes
Chief Financial Officer

5 YEAR SUMMARY – HALF YEAR

(£000s unless specified otherwise)

Six months to 30 June	2016	2015	2014	2013	2012
Revenue	13,043	11,610	11,197	10,765	10,379
<i>growth</i>	12%	4%	4%	4%	14%
Gross profit	10,685	9,254	8,719	8,455	7,998
<i>growth</i>	15%	6%	3%	6%	12%
Operating profit	1,667	1,174	1,536	1,298	716
<i>growth</i>	42%	-24%	18%	81%	14%
Pre-tax profit	1,650	1,139	1,520	1,298	717
<i>growth</i>	45%	-25%	17%	81%	14%
Post-tax profit	1,054	763	1,018	870	481
<i>growth</i>	38%	-25%	17%	81%	16%
EPS – diluted	7.9p	5.6p	7.5p	6.7p	3.7p
<i>growth</i>	41%	-25%	12%	81%	16%
Cash flow pre financing	810	565	(147)	1,948	(714)
Cash balance (no debt)	5,183	5,286	2,528	5,460	2,411
Interim dividend (related to period)	1.1p	1.0p	1.0p	0.9p	0.85p
<i>growth</i>	10%	-	11%	6%	13%
Special dividend (paid in period)	-	-	12.0p	-	-
Share buy-backs (net of stock option proceeds)*	1,768	-	1,531	29	276

*2014 share buy-backs includes £980,000 relating to the cash-settling of part of the Company's long term incentive plan.

5 YEAR SUMMARY – ANNUAL

(£000s unless specified otherwise)

Year to 31 December	2015	2014	2013	2012	2011
Revenue	25,184	24,645	24,457	20,822	20,713
<i>growth</i>	2%	1%	17%	-	27%
Gross profit	20,250	19,410	19,087	16,068	16,063
<i>growth</i>	4%	2%	19%	-	27%
Operating profit	4,546	4,301	3,550	1,513	2,758
<i>growth</i>	6%	21%	135%	-45%	24%
Pre-tax profit	4,501	4,286	3,556	1,515	2,760
<i>growth</i>	5%	21%	135%	-45%	24%
Post-tax profit	3,032	2,897	2,435	1,038	1,850
<i>growth</i>	5%	19%	135%	-44%	25%
EPS – diluted	22.7p	21.3p	18.7p	7.9p	14.1p
<i>growth</i>	7%	14%	137%	-44%	25%
Cash flow pre financing	2,696	3,157	4,466	866	1,446
Cash balance (no debt)	6,365	5,347	6,188	3,755	3,683
Interim and final dividend (relating to period)	4.5p	4.3p	3.9p	3.1p	3.0p
<i>growth</i>	5%	10%	26%	3%	25%
Special dividend (paid in period)	-	12.0p	12.0p	-	-
Share buy-backs (net of stock option proceeds)*	948	1,938	71	408	217

*2014 share buy-backs includes £1,239,000 relating to the cash-settling of part of the Company's long term incentive plan.

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2016

	Note	Six months to 30 Jun 2016 Unaudited	Six months to 30 Jun 2015 Unaudited	Year to 31 Dec 2015 Audited
		£'000	£'000	£'000
Revenue	4	13,043	11,610	25,184
Cost of sales		(2,358)	(2,356)	(4,934)
Gross profit	4	10,685	9,254	20,250
Administrative expenses		(9,018)	(8,080)	(15,704)
Operating profit	4	1,667	1,174	4,546
Finance costs		(17)	(35)	(45)
Profit before taxation	4	1,650	1,139	4,501
Income tax expense		(596)	(376)	(1,469)
Profit for the financial period		1,054	763	3,032
Attributable to the equity holders of the Company		1,054	763	3,032

Earnings per share attributable to equity holders of the Company

Basic earnings per share	5	8.2p	6.0p	23.9p
Diluted earnings per share	5	7.9p	5.6p	22.7p

All of the activities of the Group are classed as continuing.

BrainJuicer Group PLC

Financial information for the six months ended 30 June 2016

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2016

	Six months to 30 Jun 2016 Unaudited	Six months to 30 Jun 2015 Unaudited	Year to 31 Dec 2015 Audited
	£'000	£'000	£'000
Profit for the financial period	1,054	763	3,032
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations	407	(108)	(88)
Other comprehensive income for the period, net of tax	407	(108)	(88)
Total comprehensive income for the period attributable to equity holders	1,461	655	2,944

CONDENSED CONSOLIDATED BALANCE SHEET
as at 30 June 2016

	Note	30 Jun 2016 Unaudited	30 Jun 2015 Unaudited	31 Dec 2015 Audited
		£'000	£'000	£'000
ASSETS				
Non-current assets				
Property, plant and equipment		311	321	304
Intangible assets		374	641	519
Deferred tax asset		480	882	589
		1,165	1,844	1,412
Current assets				
Inventories		266	122	90
Trade and other receivables		8,015	5,183	6,595
Income tax recoverable		325	-	-
Cash and cash equivalents		5,183	5,286	6,365
		13,789	10,591	13,050
Total assets		14,954	12,435	14,462
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	8	132	132	132
Share premium account		1,599	1,599	1,599
Merger reserve		477	477	477
Foreign currency translation reserve		255	(172)	(152)
Retained earnings		6,074	6,107	7,184
Total equity		8,537	8,143	9,240
LIABILITIES				
Non-current liabilities				
Provisions		522	407	469
		522	407	469
Current liabilities				
Provisions		308	291	263
Trade and other payables		5,587	3,540	4,161
Current income tax liabilities		-	54	329
		5,895	3,885	4,753
Total liabilities		6,417	4,292	5,222
Total equity and liabilities		14,954	12,435	14,462

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2016

	Note	Six months to 30 Jun 2016 Unaudited	Six months to 30 Jun 2015 Unaudited	Year to 31 Dec 2015 Audited
		£'000	£'000	£'000
Net cash generated from operations	7	2,043	1,274	4,137
Tax paid		(1,144)	(477)	(1,119)
Net cash generated from operating activities		899	797	3,018
Cash flows from investing activities				
Purchase of property, plant and equipment		(86)	(227)	(291)
Purchase of intangible assets		(3)	(5)	(31)
Net cash used by investing activities		(89)	(232)	(322)
Net cash flow before financing activities		810	565	2,696
Cash flows from financing activities				
Interest		(17)	(35)	(45)
Proceeds from issue of new shares		-	20	20
Proceeds from sale of treasury shares	8	77	-	211
Purchase of own shares	8	(1,845)	-	(1,159)
Dividends paid to owners	6	(445)	(417)	(544)
Net cash used by financing activities		(2,230)	(432)	(1,517)
Net (decrease)/increase in cash and cash equivalents		(1,420)	133	1,179
Cash and cash equivalents at beginning of period		6,365	5,347	5,347
Exchange gains/(losses) on cash and cash equivalents		238	(194)	(161)
Cash and cash equivalents at end of period		5,183	5,286	6,365

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 30 June 2016

	Share capital	Share premium account	Merger reserve	Foreign currency translation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2015	131	1,580	477	(64)	5,581	7,705
Profit for the financial period	-	-	-	-	763	763
Other comprehensive income:						
- currency translation differences	-	-	-	(108)	-	(108)
Total comprehensive income	-	-	-	(108)	763	655
Transactions with owners:						
Employee share options scheme:						
- new shares issued on exercise	1	19	-	-	-	20
- value of employee services	-	-	-	-	112	112
- deferred tax credited to equity	-	-	-	-	68	68
Dividends paid to owners	-	-	-	-	(417)	(417)
	1	19	-	-	(237)	(217)
At 30 June 2015	132	1,599	477	(172)	6,107	8,143
At 1 January 2015	131	1,580	477	(64)	5,581	7,705
Profit for the financial year	-	-	-	-	3,032	3,032
Other comprehensive income:						
- currency translation differences	-	-	-	(88)	-	(88)
Total comprehensive income	-	-	-	(88)	3,032	2,944
Transactions with owners:						
Employee share options scheme:						
- exercise of share options	1	19	-	-	-	20
- value of employee services	-	-	-	-	112	112
- current tax credited to equity	-	-	-	-	169	169
- deferred tax debited to equity	-	-	-	-	(218)	(218)
Dividends paid to owners	-	-	-	-	(544)	(544)
Sale of treasury shares	-	-	-	-	211	211
Purchase of treasury shares	-	-	-	-	(1,159)	(1,159)
	1	19	-	-	(1,429)	(1,409)
At 31 December 2015	132	1,599	477	(152)	7,184	9,240

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
 as at 30 June 2016

	Share capital	Share premium account	Merger reserve	Foreign currency translation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2016	132	1,599	477	(152)	7,184	9,240
Profit for the financial period	-	-	-	-	1,054	1,054
Other comprehensive income:						
- currency translation differences	-	-	-	407	-	407
Total comprehensive income	-	-	-	407	1,054	1,461
Transactions with owners:						
Employee share options scheme:						
- value of employee services	-	-	-	-	55	55
- current tax credited to equity	-	-	-	-	71	71
- deferred tax debited to equity	-	-	-	-	(77)	(77)
Sale of treasury shares	-	-	-	-	77	77
Purchase of treasury shares	-	-	-	-	(1,845)	(1,845)
Dividends paid to owners	-	-	-	-	(445)	(445)
	-	-	-	-	(2,164)	(2,164)
At 30 June 2016	132	1,599	477	255	6,074	8,537

1. General information

BrainJuicer Group PLC (“the Company”) is United Kingdom resident, and its subsidiaries (together “the Group”) provide on-line market research services. The Company’s shares are listed on the Alternative Investment Market of the London Stock Exchange (“AIM”). The address of the Company’s registered office is Russell Square House, 10-12 Russell Square, London WC1B 5EH.

The Board of Directors approved this condensed consolidated interim financial information for issue on 16 September 2016.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 and is unaudited. The Group’s latest statutory financial statements were for the year ended 31 December 2015 and these have been filed with the Registrar of Companies. The auditor’s report on those financial statements was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

2. Basis of preparation

This condensed consolidated interim financial information has been prepared in accordance with IAS 34, ‘Interim financial reporting’ as adopted by the European Union. This financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with IFRSs as adopted by the European Union.

3. Principal accounting policies

The principal accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

4. Segment information

Management review the following key segmental information: gross profit and operating profit before allocation of central overheads of the Group’s geographic operating units (“Reportable Segments”); and the split of business by type of research solution.

4. Segment information (continued)

Financial performance of Reportable Segments:	Six months ended 30 Jun 2016			Six months ended 30 Jun 2015		
	Revenue	Gross profit	Operating profit/(loss)	Revenue	Gross profit	Operating profit
	£'000	£'000	£'000	£'000	£'000	£'000
Research Business						
US	4,950	4,344	2,317	4,197	3,417	1,807
United Kingdom	3,586	2,871	1,506	3,660	2,918	1,807
Continental Europe	2,729	2,100	1,302	2,136	1,620	863
Asia	804	622	159	852	689	201
Brazil	885	741	470	765	610	267
Australia	55	45	41	-	-	-
	13,009	10,723	5,795	11,610	9,254	4,945
System1 Advertising Agency						
United Kingdom	34	(38)	(264)	-	-	-
	13,043	10,685	5,531	11,610	9,254	4,945

Revenue and gross profit by research solution:	Six months ended 30 Jun 2016		Six months ended 30 Jun 2015	
	Revenue	Gross profit	Revenue	Gross profit
	£'000	£'000	£'000	£'000
Research Business				
Ad Testing	3,266	2,887	2,376	2,054
Brand Tracking	1,399	992	584	389
Predictive Markets	3,862	3,446	4,113	3,594
Juicy Core products	8,527	7,325	7,073	6,037
Other Juicy Quantitative products	2,123	1,816	1,478	1,195
Juicy Quantitative Research	10,650	9,141	8,551	7,232
Twist Quantitative Research	1,913	1,401	1,768	1,298
Total Quantitative Research	12,563	10,542	10,319	8,530
Juice Generation and "BCU"	446	181	1,291	724
	13,009	10,723	11,610	9,254
Percentage of revenue		82.4%		79.7%

Segmental revenue is revenue generated from external customers and so excludes intercompany revenue and is attributed to geographical areas based upon the location in which the service is delivered.

Segmental operating profit excludes costs relating to central services provided by our Operations, IT, Marketing, HR and Finance teams and our Board of Directors.

4. Segment information (continued)

A reconciliation of total operating profit for Reportable Segments to total profit before income tax is set out below:

	Six months ended 30 Jun	
	2016	2015
	£'000	£'000
Operating profit for reportable segments	5,531	4,945
Central overheads	(3,864)	(3,771)
Operating profit	1,667	1,174
Finance costs	(17)	(35)
Profit before income tax	1,650	1,139

5. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during the period:

	Six months ended 30 Jun	
	2016	2015
Profit attributable to equity holders of the Company (£'000)	1,054	763
Weighted average number of Ordinary Shares in issue	12,863,801	12,654,587
Basic earnings per share	8.2p	6.0p

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding assuming conversion of all dilutive share options to Ordinary Shares:

	Six months ended 30 Jun	
	2016	2015
Profit attributable to equity holders of the Company and profit used to determine diluted earnings per share (£'000)	1,054	763
Weighted average number of Ordinary Shares in issue	12,863,801	12,654,587
Share options	455,474	887,843
Weighted average number of Ordinary Shares for diluted earnings per share	13,319,275	13,542,430
Diluted earnings per share	7.9p	5.6p

6. Dividends

On 11 May 2016 the Company paid a final dividend of 3.5 pence per share, amounting to £0.45m in respect of the year ended 31 December 2015. In October 2016, the Company will pay an interim dividend of 1.1 pence per share, amounting to £0.14m, in respect of the year ended 31 December 2016 (an increase of 10% on last year's interim dividend) and a special dividend of 12 pence per share amounting to £1.48m. The interim and special dividends are not recorded in these interim accounts.

7. Net cash generated from operations

	Six months ended 30 Jun	
	2016	2015
	£'000	£'000
Profit before taxation	1,650	1,139
Depreciation	84	67
Amortisation	148	161
Interest paid	17	35
Share-based payment expense	55	112
(Increase)/decrease in inventory	(176)	73
(Increase)/decrease in receivables	(1,420)	1,541
Increase/(decrease) in payables	1,523	(1,942)
Exchange differences on operating items	162	88
Net cash generated from operations	2,043	1,274

8. Share capital

During the reporting period the Company transferred 187,478 Ordinary Shares ("shares") out of treasury to satisfy the exercise of employee share options at a weighted average exercise price of 41 pence per share for cash consideration of £77,000. The weighted average share price at exercise date was 361 pence per share. The Company subsequently repurchased 119,677 of these shares at a weighted average price of 361 pence for cash consideration of £432,000.

The Company also purchased 422,762 shares for cash consideration of £1,412,713.

Following these transactions, at 30 June 2016, the Company had 13,223,762 shares in issue (31 December 2015: 13,223,762) of which 864,229 were held in treasury (31 December 2015: 509,268), and the Company had 1,174,606 stock options outstanding of which 583,486 are fully vested.

9. Related party transactions

During the period the Company paid the following dividends to directors:

	Six months ended 30 Jun	
	2016	2015
	£	£
John Kearon	135,100	127,380
James Geddes	5,541	5,225
Alex Batchelor	3,565	3,361
Ken Ford	700	660
Robert Brand	1,050	990
Graham Blashill	175	165
	146,131	137,781