



Press Release

19 September 2014

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

Interim Results for the Six Months ended 30 June 2014

BrainJuicer Group PLC (AIM: BJU), the innovative international market research agency, today announces its Interim Results for the six months ended 30 June 2014.

Highlights

- 4% revenue growth, 10% in constant currency, to £11,197,000 (H1 2013: £10,765,000)
- Overhead costs flat at £7,183,000 (H1 2013: £7,157,000)
- 18% growth in operating profit to £1,536,000 (H1 2013: £1,298,000)
- 17% increase in profit before tax to £1,520,000 (H1 2013: £1,298,000)
- 12% growth in fully diluted earnings per share to 7.5p (H1 2013: 6.7p)
- 11% growth in interim dividend to 1.0p (H1 2013: 0.9p)
- £1,890,000 cash returned to shareholders via dividends
- £1,531,000 returned to shareholders via share buy-backs and cash settled management equity incentive awards
- £2,528,000 cash at period end (31 December 2013: £6,188,000) and no debt

Commenting on the Company's results, John Kearon, Founder and Chief Juicer of BrainJuicer, said:

"We've seen healthy growth in our Behavioural Science based 'Juicy' products reflecting continued underlying progress in our largest clients. Growth overall would have been more significant were it not for a decline in our lower margin qualitative Juice Generation business which is particularly lumpy. Whilst, as always, we have limited revenue visibility, we believe we are on track to meet market profit expectations for the full year and continue to help our clients build famous brands."

The Company can be found at www.brainjuicer.com.

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Interim Statement

Revenue grew a relatively modest 4% in the first half of the year, against currency headwinds. In constant currency terms, revenue was up a more healthy 10%. The currency movements however helped our costs and this together with a lower bonus accrual meant that costs were flat despite a rise in headcount. Operating profit grew by 18%. With the exception of the payment of last year's large staff bonus in February this year (£1,908,000), most of our profits turned into cash flow. We returned £3,421,000 to shareholders in the form of dividends and share buy-backs (net of option exercise proceeds, and including cash settlement of management equity awards), and finished the half year with cash of £2,528,000 and no debt. Our growth, as always, was entirely organic and there were no particularly large one-off or unusual items affecting our financial statements.

While our revenue grew modestly overall, revenue from our core quantitative services, comprising our mainstream quantitative research solutions (such as Predictive Markets and our ComMotion advertising testing technique), grew by a more substantial 10%. This part of our business made up 86% of our revenue, is the main source of our profits, is easier to scale, and is the main driver of our anticipated future growth. Within this we have also made progress in pushing our "Juicy" solutions (distinctive, higher-margin and strategically important), which are up from 66% of revenue in H1 2013 (and 74% over the whole of 2013) to 82% in H1 2014.

That said, revenue declined in our two biggest markets, the UK and the US, by 4% and 5% respectively against fairly strong comparatives. However, revenue in the US grew by 5% in constant currency terms, and we don't believe the performance in either region is indicative of a systemic problem. In Continental Europe, our third biggest region, revenue grew 6% (and by 10% after adjusting for a large Japanese client, previously serviced from Germany, which we transferred to our China team) against a fairly weak comparative. Our China and Singapore region grew revenue 65% (but by 45% after adjusting for that self same client) and revenue from our Brazilian office increased by 24%. In India we are continuing to start well.

As a whole, our growth would have been more significant were it not for a decline in what we call our Juice Generation business. This is where we provide qualitative (as opposed to quantitative) research and more of a consultative service. Juice Generation revenue is particularly lumpy in nature and not a good indicator of underlying progress. Moreover, it was only 12% of our total revenue in H1 2014 (H1 2013: 18%) and is unlikely to become a

much more meaningful percentage in the future. This is not to say that Juice Generation is an unimportant component of our business, as it has strategic value beyond the revenue it generates. For example it enables us to respond to clients' difficult marketing challenges and so can promote our standing within client organisations; it allows us to interact with clients at more senior levels; and it reinforces our positioning as a creative research agency. The same is true of our new behavioural consultancy service, which has similar strategic value and yet generates only a small percentage of our revenue.

Moving on to costs, direct costs, being external project related costs, remained a consistent percentage of revenue, at 22% of revenue (compared to 21% in H1 2013) and so gross profit grew at a similar rate to revenue. Overhead costs, excluding bonus accrual, grew by 6%, in line with growth in average headcount which increased by 5% to 144 people. This increase predominantly reflects increases in our account management teams as we continue to strengthen our client service capability. Earlier in the year we were facing (and announced at the time of our AGM in May) the prospect of a large share based payment charge relating to management and employee stock options, following the steep rise in our share price. With the more recent reduction in our share price, the share based payment charge (and related national insurance) for H1 2014 settled back to a less material £213,000 (H1 2013: £96,000). We reduced our bonus accrual to 4% of salary costs from 12% this time last year, and as a result total overheads (including bonus accrual) were flat year-on-year.

Operating profit grew 18% to £1,536,000, and pre-tax and post-tax profit both grew at a similar rate (17% in both cases). Fully diluted earnings per share however increased by only 12%. This was because of the dilution caused by equity-based awards granted to the management team following maturity of its long-term value creation incentive scheme in April. Some of the awards were cash-settled (see below) which mitigated the dilutive impact on our equity, but the majority were settled in the form of 544,968 zero cost stock options as originally intended.

There was a net cash outflow (excluding cash returned to shareholders) of £147,000, compared to an inflow of £1,948,000 in H1 last year. The difference is largely down to the 2013 bonus of £1,908,000 paid in February 2014. By comparison, the 2012 staff bonus paid in February 2013, was negligible. We paid £3,421,000 to shareholders, and this was by way of: 2013 final and special dividends (£1,890,000); share buy-backs net of option proceeds (£551,000); and cash-settled management team long-term incentive awards (£980,000). Our cash of £2,528,000 (and no debt) at 30 June 2014 was down significantly on the £6,188,000

of cash we had at 31 December 2013, but still ample for our anticipated working capital needs.

We will be paying an interim dividend of 1.0p per share, up from 0.9p per share last year. We have set out full details in note 5 to the accompanying interim financial statements.

Outlook

In summary, while the headline figures paint a relatively flat revenue picture over the first six months of the year, the performance of our core quantitative business, particularly when allowing for the adverse currency movements we've experienced, reflects continued progress, within our large clients in particular. We therefore remain confident in our positioning and where we are in terms of achieving our long-term aims. We also believe we are on track to meet market profit expectations for the full year. However, we have to inject our usual caveat: we have little revenue visibility and plenty of volatility within individual clients, and so cannot anticipate with any certainty how our results will unfold in the short term.

John Kearon
Chief Juicer

James Geddes
Chief Financial Officer

5 YEAR SUMMARY (£000 unless specified otherwise)

Six months to 30 June		2014	2013	2012	2011	2010
Revenue		11,197	10,765	10,379	9,089	7,208
	growth	4%	4%	14%	26%	49%
Gross Profit		8,719	8,455	7,998	7,120	5,636
	growth	3%	6%	12%	26%	54%
Operating Profit		1,536	1,298	716	628	505
	growth	18%	81%	14%	24%	119%
Pre-tax profit		1,520	1,298	717	630	506
	growth	17%	81%	14%	25%	108%
Post-tax profit		1,018	870	481	416	345
	growth	17%	81%	16%	21%	88%
EPS – diluted		7.5p	6.7p	3.7p	3.2p	2.6p
	growth	12%	81%	16%	23%	100%
Interim dividend		1.0p	0.9p	0.85p	0.75p	0.6p
	growth	11%	6%	13%	25%	-
Special dividend		12.0p	-	-	-	-
Cash flow pre financing		(147)	1,948	(714)	(394)	632
Share buy-backs (net of stock option proceeds)		1,531	29	276	97	1,092
Year to 31 December		2013	2012	2011	2010	
Revenue		24,457	20,822	20,713	16,360	
	growth	17%	-	27%	38%	
Gross Profit		19,087	16,068	16,063	12,622	
	growth	19%	-	27%	41%	
Operating Profit		3,550	1,513	2,758	2,216	
	growth	135%	-45%	24%	35%	
Pre-tax profit		3,556	1,515	2,760	2,217	
	growth	135%	-45%	24%	34%	
Post-tax profit		2,435	1,038	1,850	1,480	
	growth	135%	-44%	25%	25%	
EPS – diluted		18.7p	7.9p	14.1p	11.3p	
	growth	137%	-44%	25%	26%	
Final and interim dividend		3.9p	3.1p	3.0p	2.4p	
	growth	26%	3%	25%	26%	
Special dividend per share		12.0p	-	-	-	
Cash flow pre financing		4,466	866	1,446	1,784	
Share buy-backs (net of stock option proceeds)		71	408	217	1,046	

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	Note	Six months to 30 Jun 2014 Unaudited £'000	Six months to 30 Jun 2013 Unaudited £'000	Year to 31 Dec 2013 Audited £'000
Revenue	3	11,197	10,765	24,457
Cost of sales		(2,478)	(2,310)	(5,370)
Gross profit		8,719	8,455	19,087
Administrative expenses		(7,183)	(7,157)	(15,537)
Operating profit	3	1,536	1,298	3,550
Gain on disposal of available for sale investments		-	-	14
Finance income		-	-	1
Finance costs		(16)	-	(9)
Profit before taxation	3	1,520	1,298	3,556
Income tax expense		(502)	(428)	(1,121)
Profit for the financial period		1,018	870	2,435
Attributable to equity holders of the Company		1,018	870	2,435
Earnings per share attributable to the equity holders of the Company:				
Basic earnings per share	4	8.1p	6.9p	19.4p
Diluted earnings per share	4	7.5p	6.7p	18.7p

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	Six months to 30 Jun 2014 Unaudited £'000	Six months to 30 Jun 2013 Unaudited £'000	Year to 31 Dec 2013 Audited £'000
Profit for the financial period	1,018	870	2,435
Other comprehensive income: Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations	(81)	143	(55)
Other comprehensive income for the period, net of tax	(81)	143	(55)
Total comprehensive income for the period and amounts attributable to equity holders	937	1,013	2,380

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2014

	30 Jun 2014 Unaudited £'000	30 Jun 2013 Unaudited £'000	31 Dec 2013 Audited £'000
ASSETS			
Non-current assets			
Property, plant and equipment	130	123	112
Intangible assets	861	1,097	1,000
Financial assets – available-for-sale investments	-	83	-
Deferred tax asset	1,051	388	670
	2,042	1,691	1,782
Current assets			
Inventories	197	178	238
Trade and other receivables	6,005	4,973	7,344
Current income tax recoverable	48	-	-
Cash and cash equivalents	2,528	5,460	6,188
	8,778	10,611	13,770
Total assets	10,820	12,302	15,552
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	7 132	131	131
Share premium account	1,580	1,579	1,579
Merger reserve	477	477	477
Foreign currency translation reserve	(83)	196	(2)
Retained earnings	4,098	5,725	5,924
Total equity	6,204	8,108	8,109
LIABILITIES			
Non-current			
Provisions	456	200	390
Non-current liabilities	456	200	390
Current			
Provisions	206	117	206
Trade and other payables	3,954	3,650	6,336
Current income tax liabilities	-	227	511
Current liabilities	4,160	3,994	7,053
Total liabilities	4,616	4,194	7,443
Total equity and liabilities	10,820	12,302	15,552

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	Note	30 Jun 2014 Unaudited £'000	30 Jun 2013 Unaudited £'000	31 Dec 2013 Audited £'000
Net cash generated from operations	6	589	2,346	5,343
Tax paid		(644)	(368)	(835)
Net cash (used by)/generated from operating activities		(55)	1,978	4,508
Cash flows from investing activities				
Purchases of property, plant and equipment		(68)	(28)	(70)
Purchases of intangible assets		(24)	(2)	(69)
Sale of available for sale investments		-	-	97
Net cash used by investing activities		(92)	(30)	(42)
Net cash flow before financing activities		(147)	1,948	4,466
Cash flows from financing activities				
Interest		(16)	-	(8)
Proceeds from sale of treasury shares		156	56	82
Purchase of own shares		(707)	(85)	(153)
Purchase of equity interests		(980)	-	-
Dividends paid to owners		(1,890)	(283)	(1,903)
Net cash used by financing activities		(3,437)	(312)	(1,982)
Net (decrease)/increase in cash and cash equivalents		(3,584)	1,636	2,484
Cash and cash equivalents at beginning of period		6,188	3,755	3,755
Exchange differences on cash and cash equivalents		(76)	69	(51)
Cash and cash equivalents at end of period		2,528	5,460	6,188

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2014

	Share capital	Share premium account	Merger reserve	Foreign currency translation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2013	131	1,579	477	53	5,100	7,340
Profit for the financial period	-	-	-	-	870	870
Other comprehensive income:						
- currency translation differences	-	-	-	143	-	143
Total comprehensive income	-	-	-	143	870	1,013
Transactions with owners:						
Employee share options scheme:						
- value of employee services	-	-	-	-	76	76
- deferred tax debited to equity	-	-	-	-	(9)	(9)
Dividends paid to owners	-	-	-	-	(283)	(283)
Sale of treasury shares	-	-	-	-	56	56
Purchase of treasury shares	-	-	-	-	(85)	(85)
	-	-	-	-	(245)	(245)
At 30 June 2013	131	1,579	477	196	5,725	8,108
At 1 January 2013	131	1,579	477	53	5,100	7,340
Profit for the financial year	-	-	-	-	2,435	2,435
Other comprehensive income:						
- currency translation differences	-	-	-	(55)	-	(55)
Total comprehensive income	-	-	-	(55)	2,435	2,380
Transactions with owners:						
Employee share options scheme:						
- value of employee services	-	-	-	-	148	148
- deferred tax credited to equity	-	-	-	-	206	206
- current tax credited to equity	-	-	-	-	9	9
Dividends paid to owners	-	-	-	-	(1,903)	(1,903)
Sale of treasury shares	-	-	-	-	82	82
Purchase of treasury shares	-	-	-	-	(153)	(153)
	-	-	-	-	(1,611)	(1,611)
At 31 December 2013	131	1,579	477	(2)	5,924	8,109
Profit for the financial period	-	-	-	-	1,018	1,018
Other comprehensive income:						
- currency translation differences	-	-	-	(81)	-	(81)
Total comprehensive income	-	-	-	(81)	1,018	937
Transactions with owners:						
Employee share options scheme:						
- new shares issued on exercise	1	1	-	-	-	2
- value of employee services	-	-	-	-	67	67
- deferred tax credited to equity	-	-	-	-	411	411
- current tax credited to equity	-	-	-	-	387	387
Dividends paid to owners	-	-	-	-	(1,890)	(1,890)
Settlement of long term incentives	-	-	-	-	(1,234)	(1,234)
Sale of treasury shares	-	-	-	-	156	156
Purchase of treasury shares	-	-	-	-	(741)	(741)
	1	1	-	-	(2,844)	(2,842)
At 30 June 2014	132	1,580	477	(83)	4,098	6,204

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 1 Cavendish Place, London, W1G 0QF.

The Board of directors approved this condensed consolidated interim financial information for issue on 19 September 2014.

The financial information for the year ended 31 December 2013 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 and are unaudited. The Group’s statutory financial statements for the year ended 31 December 2013 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.

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with IAS 34, ‘Interim financial reporting’ as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRSs as adopted by the European Union.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2013, 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.

3. SEGMENT INFORMATION

When reviewing financial performance, key segmental information that management look at are revenue, 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.

Financial performance of Reportable Segments:	Six months ended 30 Jun 2014			Six months ended 30 Jun 2013		
	Revenue	Gross margin	Operating Profit	Revenue	Gross margin	Operating Profit
	£’000	£’000	£’000	£’000	£’000	£’000
United Kingdom	4,159	3,198	2,298	4,318	3,427	2,472
US	3,551	2,960	1,591	3,725	2,905	1,556
Continental Europe*	1,736	1,315	447	1,635	1,329	407
Brazil	787	527	208	637	430	61
China & Singapore*	742	550	264	450	364	72
India	222	169	104	-	-	-
	11,197	8,719	4,912	10,765	8,455	4,568

* H1 2014 revenue for China & Singapore includes £185,000 from a large client that was serviced from our Continental Europe region in 2013. Continental European revenue for H1 2013 included £62,000 from that client.

Revenue split by type of research solution:	Six months ended 30 Jun 2014			Six months ended 30 Jun 2013		
	Juicy	Twist	Total	Juicy	Twist	Total
	£’000	£’000	£’000	£’000	£’000	£’000
Quantitative Research	7,656	2,015	9,671	5,096	3,660	8,756
Juice Generation	1,299	-	1,299	1,895	-	1,895
Behaviour Change Unit	227	-	227	114	-	114
	9,182	2,015	11,197	7,105	3,660	10,765
Percentage of revenue	82%	18%		66%	34%	

Juicy products are BrainJuicer’s new methodologies that challenge traditional approaches to market research. Twist products are industry standard quantitative research methods with an added BrainJuicer “twist”.

Segmental revenue is revenue generated from external customers and so excludes intercompany revenue.

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

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

Six months ended	30 Jun 2014	30 Jun 2013
	£'000	£'000
Operating profit for reportable segments	4,912	4,568
Central overheads	(3,376)	(3,270)
Operating profit	1,536	1,298
Finance costs	(16)	-
Profit before income tax	1,520	1,298

4. 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, as set out below:

	Six months ended	
	30 Jun 2014	30 Jun 2013
	£'000	£'000
Profit attributable to equity holders of the Company	1,018	870
Weighted average number of Ordinary Shares in issue	12,592,609	12,563,664
Basic earnings per share	8.1p	6.9p

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential Ordinary Shares, as set out below:

	Six months ended	
	30 Jun 2014	30 Jun 2013
	£'000	£'000
Profit attributable to equity holders of the Company used to determine diluted earnings per share	1,018	870
Weighted average number of ordinary shares in issue	12,592,609	12,563,664
Share options	931,157	393,284
Weighted average number of ordinary shares for diluted earnings per share	13,523,766	12,956,948
Diluted earnings per share	7.5p	6.7p

5. DIVIDENDS

On 14 May 2014 the Company paid a final dividend of 3.0 pence per share in respect of the year ended 31 December 2013. On the same date the Company paid a special dividend of 12 pence per share. The total of the final and special dividends amounting to £1,890,000 (15 pence per share) was paid to shareholders on the register as of 22 April 2014, and the shares became ex dividend on 16 April 2014. The Company will pay an interim dividend of 1.0 pence per share in respect of the year ending 31 December 2014, 11% higher than last year's interim dividend of 0.9 pence per share. This dividend is not recorded in these interim accounts.

6. NET CASH GENERATED FROM OPERATIONS

	Six months ended	
	30 Jun 2014	30 Jun 2013
	£'000	£'000
Profit before taxation	1,520	1,298
Depreciation and amortisation	214	251
Net finance costs	16	-
Share-based payment expense	67	76
Decrease/(Increase) in inventory	41	(127)
Decrease in receivables	1,339	852
Decrease in payables	(2,603)	(75)
Exchange differences on operating items	(5)	71
Net cash generated from operations	589	2,346

7. SHARE CAPITAL

During the period the Company issued 5,419 Ordinary Shares ("shares") on the exercise of employee share options for cash consideration of £619 of which £565 was credited to share premium and £54 to share capital.

During the period the Company transferred 171,674 shares out of treasury to satisfy the exercise of employee share options over 171,674 shares at a weighted average exercise price of 91 pence per share for total consideration of £156,000. The weighted average share price at exercise date was 465 pence per share.

The Company subsequently repurchased 161,800 of these shares at a weighted average price of 455 pence per share. The total consideration payable on repurchase (including stamp duty) amounted to £741,000, of which £707,000 was paid in the period. A financial liability for £34,000 was recorded at the period-end for the balance of the consideration paid in July.

During the period, upon the settlement of the Company's long term incentive plan, options over 544,968 shares with an exercise price of £nil, and 62,024 shares transferred from treasury were awarded to senior executives. The Company settled the remainder of the long term incentive plan awards for cash consideration of £1,234,000 of which £980,000 was paid in the period. A financial liability for £254,000 was recorded at the period-end for the balance of the award paid in July.

Following these transactions, at the end of the reporting period the number of Ordinary Shares numbered 13,141,867 (31 Dec 2013: 13,136,448) of which shares held in treasury numbered 500,886 (31 Dec 2013: 572,784).

8. RELATED PARTY TRANSACTIONS

During the period the Company's long term incentive plan for senior executives vested. In settlement John Kearon received cash of £656,000 and both James Geddes and Alex Batchelor were each awarded options over 125,722 shares in the Company at an exercise price of £nil per share.

Dividends paid to directors were as follows:

	Six months ended	
	30 Jun 2014	30 Jun 2013
	£	£
John Kearon	578,999	86,537
James Geddes	23,749	3,562
Alex Batchelor	15,278	2,292
Ken Ford	3,000	450
Robert Brand	4,500	675
Graham Blashill	750	113
	626,276	93,629