



Press Release

24 September 2015

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

Interim Results for the Six Months ended 30 June 2015

BrainJuicer Group PLC (AIM: BJU), the innovative international market research agency, today announces its Interim Results for the six months ended 30 June 2015.

Highlights

- 4% revenue growth to £11.61m (H1 2014: £11.20m)
- 7% revenue growth from core quantitative services
- 12% growth in overhead costs to £8.08m; including £0.32m one-off costs (H1 2014: £7.18m with no one-off costs)
- 24% decrease in operating profit to £1.17m (H1 2014: £1.54m); 3% decline in underlying operating profit (pre one-off costs)
- 25% decrease in profit before tax to £1.14m (H1 2014: £1.52m)
- 25% decrease in fully diluted earnings per share to 5.6p (H1 2014: 7.5p)
- Interim dividend maintained at 1.0p (2014 interim dividend: 1.0p)
- £5.29m cash at period end (31 December 2014: £5.35m) and no debt

Commenting on the Company's results, John Kearon, Founder and Chief Juicer of BrainJuicer, said: "We continue to accelerate profitable brand growth for an increasing number of clients who use our behavioural science based research to deliver 5-Star marketing that brings joy to their customers and fame to their brands. We've decided to move from a predominantly qualitative brand strategy service to a more scalable and predictive quantitative service, which has had some dampening effect on H1 revenue but which should bring benefits in the future. At the same time we're evaluating opportunities to enhance our growth, which could involve significant revenue investment. We believe we're on track to meet market profit expectations for the full year, but 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."

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

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INTERIM STATEMENT

Revenue grew 4% in the first half of the year (“H1”) 2015 and gross profit by 6%. The overall impact of exchange rate movements was not material. Overhead costs were up 12% in part due to one-off costs (further detail below), and operating profit declined by 24%. Excluding the one-off costs underlying operating profit declined by 3%. As is usually the case, most of our profits turned into cash flow. We returned £0.42m to shareholders in the form of dividends, and finished the half-year with cash of £5.29m and no debt (down only marginally from the £5.35m and no debt at 31 December 2014).

Our core quantitative services, comprising our mainstream quantitative research solutions (such as Predictive Markets and our ComMotion advertising testing technique), grew in revenue terms by 7% and in gross profit terms by 11%. This part of our business is the main source of our profits, is more scalable, and is expected to be the main driver of our future growth. Such services contributed 85% of our revenue in H1 2015.

The remaining 15% of our revenue came from our higher value, but less scalable, qualitative Juice Generation research and Behavioural Consultancy services and the revenue from these declined by 15%. This follows a 19% year-on-year decline over the previous 12 months (calendar year 2014). These declines can in part be explained by the lumpy and volatile nature of these projects, but this is not the whole story.

Historically these services covered a broad array of consumer insight projects and marketing challenges. However, we have recently repurposed and focussed this part of our business into “Brand Strategy”, where we apply our Juice Generation and Behavioural Consultancy techniques and our marketing know-how on advising clients on their marketing and brand planning exercises. They tend to be strategically important services and lead more naturally into our mainstream quantitative products. We hope therefore that there will be a more direct correlation between this part of our business and growth in our core quantitative services.

The revenue decline from these services over H1 was in large part due to this transition to Brand Strategy, and we believe that revenue will pick up over time. While the revenue from these services is relevant, their importance is significantly more than the revenue they generate per se. They play into the focus of our business – to help clients create famous brands – and lead into what we think of as marketing execution, where clients create the advertising, packaging, and new product ideas, which then require the large-scale quantitative research services we offer. We are continuing to invest in this part of our business and in H1 hired two senior brand planners from advertising agencies.

Geographically, gross profit grew 15% in the Americas (predominantly the US), was flat in Europe and was down 1% in Asia. Within Europe, gross profit from the UK (historically, our largest market) was down 9% but this was compensated for by growth in Germany, France and the Netherlands. Our business is particularly uniform within our different offices. We offer the same services, using the same operating platform, to many of the same clients, with a similar profile of employee and team structure. Geographic differences in revenue from one period to the next can often be down to shifts in buying patterns within large global multi-nationals as much as anything else, and we are increasingly adept at shifting resources accordingly.

Moving on to costs, administrative expenses (or overheads) grew by 12%. These costs included £0.32m of one-off costs relating to two separate initiatives. Excluding these one-off costs, overheads grew by 8%, and reflected an increase in average headcount of 10% mainly in our account management client-facing teams.

One of the initiatives related to an acquisition opportunity which we looked closely at and in so-doing incurred fees of £0.15m. We withdrew from the transaction as we were unable to reconcile our view of the business's financial prospects with the value aspiration of the sellers. We are coming across an increasing number of interesting opportunities but will only proceed where there is that relatively rare combination of close cultural fit and clear economic advantage. We are planning on continuing to grow organically in the main, and are evaluating opportunities to enhance our growth, which could involve significant revenue investment.

The other one-off cost related to the relocation of our London head office into larger premises, which gave rise to moving costs and rent duplication of £0.16m in aggregate. We have increased our London office space as a result by 77%. We also moved into new larger offices in several of our other locations, but the costs associated with these other moves were not so material (and so are not included within our £0.32m one-off cost amount).

The combination of modest growth in revenue and the significantly higher increase in administrative expenses caused profit before tax to decline by 25%. Absent the one-off costs, profit before tax would have declined by 4%. Our effective tax rate was 33% (H1 2014: 33%), and so profit after tax also declined by 25%. Our share base remained relatively constant over the period and so earnings per share declined similarly.

There was a net cash inflow (excluding cash returned to shareholders) of £0.57m. We distributed £0.42m to shareholders by way of a final 2014 dividend. Our cash (over £5 million and no debt at 30 June 2015) is well in excess of anticipated working capital needs, and since 30 June 2015 we have repurchased 268,801 option and other management incentive shares for £1.10m (net of option share buy backs). We will also be paying an interim dividend of 1.0p per share (the same as last year; see note 5 to the accompanying interim financial statements for details).

Outlook

In summary, we achieved modest revenue growth in a period during which we transitioned our important Juice Generation and Behavioural Consultancy to Brand Strategy. Our core quantitative business grew in line with expectations and we 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 – HALF YEAR

(£000s unless specified otherwise)

Six months to 30 June	2015	2014	2013	2012	2011
Revenue	11,610	11,197	10,765	10,379	9,089
<i>growth</i>	4%	4%	4%	14%	26%
Gross profit	9,254	8,719	8,455	7,998	7,120
<i>growth</i>	6%	3%	6%	12%	26%
Operating profit	1,174	1,536	1,298	716	628
<i>growth</i>	-24%	18%	81%	14%	24%
Pre-tax profit	1,139	1,520	1,298	717	630
<i>growth</i>	-25%	17%	81%	14%	25%
Post-tax profit	763	1,018	870	481	416
<i>growth</i>	-25%	17%	81%	16%	21%
EPS – diluted	5.6p	7.5p	6.7p	3.7p	3.2p
<i>growth</i>	-25%	12%	81%	16%	23%
Cash flow pre financing	565	(147)	1,948	(714)	(394)
Cash balance (no debt)	5,286	2,528	5,460	2,411	2,057
Dividend per share (interim)	1.0p	1.0p	0.9p	0.85p	0.75p
<i>growth</i>	-	11%	6%	13%	25%
Special dividend per share	-	12.0p	-	-	-
Share buy-backs (net of stock option proceeds)*	-	1,531	29	276	97

*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	2014	2013	2012	2011	2010
Revenue	24,645	24,457	20,822	20,713	16,360
<i>growth</i>	1%	17%	-	27%	38%
Gross profit	19,410	19,087	16,068	16,063	12,622
<i>growth</i>	2%	19%	-	27%	41%
Operating profit	4,301	3,550	1,513	2,758	2,216
<i>growth</i>	21%	135%	-45%	24%	35%
Pre-tax profit	4,286	3,556	1,515	2,760	2,217
<i>growth</i>	21%	135%	-45%	24%	34%
Post-tax profit	2,897	2,435	1,038	1,850	1,480
<i>growth</i>	19%	135%	-44%	25%	25%
EPS – diluted	21.3p	18.7p	7.9p	14.1p	11.3p
<i>growth</i>	14%	137%	-44%	25%	26%
Cash flow pre financing	3,157	4,466	866	1,446	1,784
Cash balance (no debt)	5,347	6,188	3,755	3,683	2,770
Dividend per share (interim and final)	4.3p	3.9p	3.1p	3.0p	2.4p
<i>growth</i>	10%	26%	3%	25%	26%
Special dividend per share	12.0p	12.0p	-	-	-
Share buy-backs (net of stock option proceeds)*	1,938	71	408	217	1,046

*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 2015

	Note	Six months to 30 Jun 2015 Unaudited	Six months to 30 Jun 2014 Unaudited	Year to 31 Dec 2014 Audited
		£'000	£'000	£'000
Revenue	3	11,610	11,197	24,645
Cost of sales		(2,356)	(2,478)	(5,235)
Gross profit		9,254	8,719	19,410
Administrative expenses		(8,080)	(7,183)	(15,109)
Operating profit	3	1,174	1,536	4,301
Finance costs		(35)	(16)	(15)
Profit before taxation	3	1,139	1,520	4,286
Income tax expense		(376)	(502)	(1,389)
Profit for the financial period		763	1,018	2,897
Attributable to equity holders of the Company		763	1,018	2,897

Earnings per share attributable to equity holders of the Company

Basic earnings per share	4	6.0p	8.1p	23.0p
Diluted earnings per share	4	5.6p	7.5p	21.3p

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2015

	Six months to 30 Jun 2015 Unaudited	Six months to 30 Jun 2014 Unaudited	Year to 31 Dec 2014 Audited
	£'000	£'000	£'000
Profit for the financial period	763	1,018	2,897
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations	(108)	(80)	(62)
Other comprehensive income for the period, net of tax	(108)	(80)	(62)
Total comprehensive income for the period and amounts attributable to equity holders	655	938	2,835

CONDENSED CONSOLIDATED BALANCE SHEET
 as at 30 June 2015

	Note	30 Jun 2015 Unaudited	30 Jun 2014 Unaudited	31 Dec 2014 Audited
		£'000	£'000	£'000
ASSETS				
Non-current assets				
Property, plant and equipment		321	130	163
Intangible assets		641	861	797
Deferred tax asset		882	1,051	814
		1,844	2,042	1,774
Current assets				
Inventories		122	197	195
Trade and other receivables		5,183	6,005	6,724
Income tax recoverable		-	48	-
Cash and cash equivalents		5,286	2,528	5,347
		10,591	8,778	12,266
Total assets		12,435	10,820	14,040
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	7	132	131	131
Share premium account		1,599	1,580	1,580
Merger reserve		477	477	477
Foreign currency translation reserve		(172)	(82)	(64)
Retained earnings		6,107	4,098	5,581
Total equity		8,143	6,204	7,705
LIABILITIES				
Non-current liabilities				
Provisions		407	456	368
		407	456	368
Current liabilities				
Provisions		291	206	269
Trade and other payables		3,540	3,954	5,543
Current income tax liabilities		54	-	155
		3,885	4,160	5,967
Total liabilities		4,292	4,616	6,335
Total equity and liabilities		12,435	10,820	14,040

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
 for the six months ended 30 June 2015

	Note	Six months to 30 Jun 2015 Unaudited	Six months to 30 Jun 2014 Unaudited	Year to 31 Dec 2014 Audited
		£'000	£'000	£'000
Net cash generated from operations	6	1,274	589	4,672
Tax paid		(477)	(644)	(1,242)
Net cash generated from operating activities		797	(55)	3,430
Cash flows from investing activities				
Purchase of property, plant and equipment		(227)	(68)	(159)
Purchase of intangible assets		(5)	(24)	(114)
Net cash used by investing activities		(232)	(92)	(273)
Net cash flow before financing activities		565	(147)	3,157
Cash flows from financing activities				
Interest		(35)	(16)	(15)
Proceeds from issue of new shares		20	-	-
Proceeds from sale of treasury shares		-	156	334
Purchase of own shares		-	(707)	(1,033)
Purchase of equity interests		-	(980)	(1,239)
Dividends paid to owners		(417)	(1,890)	(2,016)
Net cash used by financing activities		(432)	(3,437)	(3,969)
Net increase/(decrease) in cash and cash equivalents		133	(3,584)	(812)
Cash and cash equivalents at beginning of period		5,347	6,188	6,188
Exchange losses on cash and cash equivalents		(193)	(76)	(29)
Cash and cash equivalents at end of period		5,287	2,528	5,347

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
as at 30 June 2015

	Share capital	Share premium account	Merger reserve	Foreign currency translation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2014	131	1,579	477	(2)	5,924	8,109
Profit for the financial period	-	-	-	-	1,018	1,018
Other comprehensive income:						
- currency translation differences	-	-	-	(80)	-	(80)
Total comprehensive income	-	-	-	(80)	1,018	938
Transactions with owners:						
Employee share options scheme:						
- new shares issued on exercise	-	1	-	-	-	1
- value of employee services	-	-	-	-	67	67
- current tax credited to equity	-	-	-	-	387	387
- deferred tax credited to equity	-	-	-	-	411	411
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	-	-	(2,844)	(2,843)
At 30 June 2014	131	1,580	477	(82)	4,098	6,204
At 1 January 2014	131	1,579	477	(2)	5,924	8,109
Profit for the financial year	-	-	-	-	2,897	2,897
Other comprehensive income:						
- currency translation differences	-	-	-	(62)	-	(62)
Total comprehensive income	-	-	-	(62)	2,897	2,835
Transactions with owners:						
Employee share options scheme:						
- exercise of share options	-	1	-	-	-	1
- value of employee services	-	-	-	-	67	67
- current tax credited to equity	-	-	-	-	414	414
- deferred tax credited to equity	-	-	-	-	233	233
Dividends paid to owners	-	-	-	-	(2,016)	(2,016)
Sale of treasury shares	-	-	-	-	334	334
Purchase of treasury shares	-	-	-	-	(1,033)	(1,033)
Settlement of long term incentives	-	-	-	-	(1,239)	(1,239)
	-	1	-	-	(3,240)	(3,239)
At 31 December 2014	131	1,580	477	(64)	5,581	7,705

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
 as at 30 June 2015

	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

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 24 September 2015.

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 2014 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.

1. 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 2014, 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 2014, 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 2015			Six months ended 30 Jun 2014		
	Revenue	Gross margin	Operating profit/(loss)*	Revenue	Gross margin	Operating profit*
	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom	3,660	2,918	1,807	4,159	3,198	2,298
US	4,197	3,417	1,807	3,551	2,960	1,591
Continental Europe	2,136	1,620	863	1,736	1,315	447
China & Singapore	781	636	241	787	527	208
Brazil	765	610	267	742	550	264
India	71	53	(40)	222	169	104
	11,610	9,254	4,945	11,197	8,719	4,912

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

Revenue split by type of research solution:	Six months ended 30 Jun 2015			Six months ended 30 Jun 2014		
	Juicy	Twist	Total	Juicy	Twist	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Quantitative Research	8,551	1,768	10,319	7,656	2,015	9,671
Juice Generation	888	-	888	1,299	-	1,299
Behaviour Change Unit	403	-	403	227	-	227
	9,842	1,768	11,610	9,182	2,015	11,197
Percentage of revenue	85%	15%		82%	18%	

Juicy products are BrainJuicer's innovative 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.

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

	Six months ended 30 Jun	
	2015	2014
	£'000	£'000
Operating profit for reportable segments	4,945	4,912
Central overheads	(3,771)	(3,376)
Operating profit	1,174	1,536
Finance costs	(35)	(16)
Profit before income tax	1,139	1,520

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:

	Six months ended 30 Jun	
	2015	2014
Profit attributable to equity holders of the Company (£'000)	763	1,018
Weighted average number of Ordinary Shares in issue	12,654,587	12,592,609
Basic earnings per share	6.0p	8.1p

(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	
	2015	2014
Profit attributable to equity holders of the Company and profit used to determine diluted earnings per share (£'000)	763	1,018
Weighted average number of Ordinary Shares in issue	12,654,587	12,592,609
Share options	887,843	931,157
Weighted average number of Ordinary Shares for diluted earnings per share	13,542,430	13,523,766
Diluted earnings per share	5.6p	7.5p

5. Dividends

On 12 May 2015 the Company paid a final dividend of 3.3 pence per share, amounting to £417,000, in respect of the year ended 31 December 2014. In October 2015, the Company will pay an interim dividend of 1.0 pence per share, amounting to £127,000, in respect of the year ended 31 December 2015 (the same as last year's interim dividend). This interim dividend is not recorded in these interim accounts.

6. Net cash generated from operations

	Six months ended 30 Jun	
	2015	2014
	£'000	£'000
Profit before taxation	1,139	1,520
Depreciation	67	99
Amortisation	161	115
Interest paid	35	16
Share-based payment expense	112	67
Decrease in inventory	73	41
Decrease in receivables	1,541	1,339
Decrease in payables	(1,942)	(2,603)
Exchange differences on operating items	88	(5)
Net cash generated from operations	1,274	589

7. Share capital

During the reporting period the Company issued 81,895 Ordinary Shares ("shares") on the exercise of employee share options for cash consideration of £19,779 of which £18,960 was credited to share premium and £819 to share capital. The weighted average share price at exercise date was 407 pence per share.

During the period, the Company awarded 137,040 nil cost stock options to each of its executive directors (John Kearon, James Geddes and Alex Batchelor) under the long-term incentive scheme established in 2014 and approved at the Company's annual general meeting on 12 May 2014. The Company awarded the remaining nil cost stock options under the scheme (amounting to 60,000 options to each director) after the end of the reporting period.

At 30 June 2015, the Company had 13,223,762 Ordinary Shares in issue (31 December 2014: 13,141,867) of which 509,268 were held in treasury (31 December 2014: 509,268), and the Company had 1,468,797 stock options outstanding of which 1,057,677 are fully vested.

8. Related party transactions

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

	Six months ended 30 Jun	
	2015	2014
	£	£
John Kearon	127,380	578,999
James Geddes	5,225	23,749
Alex Batchelor	3,361	15,278
Ken Ford	660	3,000
Robert Brand	990	4,500
Graham Blashill	165	750
	137,781	626,276