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If you have sold or otherwise transferred all of your Existing Shares, please immediately forward this document to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Directors and the Proposed Directors whose names appear on page 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that admission to AIM will become effective and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 21 December 2010.

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# Nature Group PLC

*(Incorporated and registered in Jersey with registered number 76265)*



## **ACQUISITION OF INTERNATIONAL SLOP DISPOSAL (I.S.D.) B.V AND ECOSCRUB SOLUTIONS B.V.**

## **PLACING OF 22,000,000 NEW ORDINARY SHARES AND 2,195,000 EXISTING ORDINARY SHARES AT 50 PENCE PER SHARE**

## **FUTURE STRATEGY AND DIVIDEND POLICY**

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This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company, which is set out on pages 6 to 12 of this document.

Northland Capital Partners Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority and is the Nominated Adviser to Nature Group PLC, is acting exclusively for the Company in relation to the Admission and will not be responsible to any person other than the Company under the Financial Services and Markets Act 2000, the rules of the Financial Services Authority or otherwise for providing the protections afforded to its clients or for advising any other person in relation to the contents of this document, the Placing or any matter, transaction or arrangement referred to in this document. Northland Capital Partners Limited is not making any representation or warranty, express or implied, as to the contents of this document.

W H Ireland Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority and is the broker to Nature Group PLC, is acting exclusively for the Company in relation to the Placing and will not be responsible to any person other than the Company under the Financial Services and Markets Act 2000, the rules of the Financial Services Authority or otherwise for providing the protections afforded to its clients or for advising any other person in relation to the contents of this document, the Placing or any matter, transaction or arrangement referred to in this document. W H Ireland Limited is not making any representation or warranty, express or implied, as to the contents of this document.

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons into whose possession this document comes should inform themselves about and observe any applicable restrictions or requirements. No action has been taken by the Company, Northland Capital Partners Limited, or W H Ireland Limited that would permit possession or distribution of this document in any jurisdiction where action for that purpose is required. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

The Placing Shares will not be registered under the United States Securities Act of 1933 (as amended) ("US Securities Act") or under the securities laws of any state of the United States and, absent registration or an exemption therefrom, may not be offered or sold in the United States. The Placing Shares will not be registered under any of the relevant securities laws of Canada, Australia, Japan or the Republic of South Africa. Accordingly, unless otherwise determined by the Company and permitted by applicable law and regulations, the Placing Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into the United States, Canada, Australia, Japan or the Republic of South Africa. The Company may arrange for the offer and sale of Placing Shares under the Placing outside the United States in reliance upon Regulation S of the US Securities Act. Overseas Shareholders and any person (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

## CONTENTS

	<i>Page</i>
Key Statistics	2
Expected Timetable of Principal Events	2
Definitions	3
Part I – Letter from the Chairman	6
Part II – Information on ISD and Ecoscrub	13
Part III – Unaudited Pro Forma Statement of Net Assets of the Enlarged Group	14
Part IV – Additional Information	16

## KEY STATISTICS

Placing Price	50 pence
Number of Existing Shares	39,435,155
Number of New Ordinary Shares to be issued by the Company	38,000,000
Number of Ordinary Shares in issue immediately following Admission	77,435,155
New Ordinary Shares as a percentage of the Enlarged Share Capital	49.07 per cent
Gross proceeds of the Placing (before expenses) excluding Shareholder Placing Shares	£11,000,000
Net proceeds of the Placing to the Company	£10,400,000
Market capitalisation at the Placing Price	£38,717,577

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission and dealings in the New Ordinary Shares commence and CREST accounts credited (where applicable)	8.00 a.m. on 21 December 2010
Completion of the Acquisition	on or by 22 December 2010
Issue of share certificates in respect of the New Ordinary Shares (where applicable)	by 31 December 2010

## DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“Acquisition”	the acquisition by the Company of the entire issued share capital of each of ISD and Ecoscrub pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional acquisition agreement dated 10 December 2010 between (1) the Company and (2) Portinvest pursuant to which the Company has agreed to buy the entire issued share capital of each of ISD and Ecoscrub brief details of which are set out in Part I and paragraph 1 of Part IV of this document
“Act”	Companies (Jersey) Act 1991, as amended
“Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies as published by the London Stock Exchange from time to time
“ARA Region”	the areas of Amsterdam, Rotterdam and Antwerp
“Burando Group”	the group of companies controlled by Burando Holding B.V., a company incorporated in Rotterdam
“Company” or “Nature Group”	Nature Group PLC
“Completion”	completion of the Acquisition Agreement in accordance with its terms and the Placing being effected
“Consideration Shares”	the 16,000,000 new Ordinary Shares to be issued to Portinvest under the terms of the Acquisition Agreement
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any amendment thereof
“Directors” or “Board”	the directors of the Company whose names are set out on page 6 of this document other than the Proposed Directors
“Ecoscrub”	Ecoscrub Solutions B.V., a company incorporated in Rotterdam with registered number 24379417
“Enlarged Group”	the Group as enlarged by the Acquisition
“Enlarged Share Capital”	the Ordinary Shares in issue immediately following Admission
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST (formerly CRESTCo Limited)
“Existing Shares”	the Ordinary Shares in issue at the date of this document, all of which are admitted to trading on AIM

“Group”	the Company, its subsidiaries and its subsidiary undertakings
“IMO”	International Maritime Organisation
“ISD”	International Slop Disposal (I.S.D.) B.V., a company incorporated in Rotterdam with registered number 17083478
“Lock-In Agreement”	the agreement to be entered into at Completion between (1) the Company, (2) Northland, (3) W H Ireland and (4) Portinvest pursuant to which Portinvest has agreed to certain restrictions in relation to its holdings of Ordinary Shares following Admission brief details of which are set out in Part I of this document
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the 38,000,000 new Ordinary Shares to be issued pursuant to the Placing and the Acquisition Agreement
“Northland”	Northland Capital Partners Limited, the Company’s Nominated Adviser for the purposes of the AIM Rules
“Ordinary Shares”	ordinary shares of 0.2 pence each in the capital of the Company
“OTU”	Nature Group’s offshore treatment units technology for use in the offshore rig sector
“Overseas Shareholders”	Shareholders who are not resident in the United Kingdom or whose registered address is not in the United Kingdom
“Placing”	the conditional placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agreement”	the agreement dated 10 December 2010 between (1) the Company, (2) the Directors and Proposed Directors, (3) W H Ireland and (4) Northland relating to the Placing brief details of which are set out in paragraph 4 of Part IV of this document
“Placing Price”	50 pence per Placing Share
“Placing Shares”	the 24,195,000 Ordinary Shares the subject of the Placing comprising 16,000,000 Ordinary Shares which are being placed to raise the Cash Consideration under the Acquisition Agreement, the 2,195,000 Shareholder Placing Shares and 6,000,000 new Ordinary Shares which are being placed on behalf of the Company
“Portinvest”	Port Invest B.V. a company incorporated in Rotterdam with registered number 20073364 being the seller of the shares in ISD and Ecoscrub
“Proposed Directors”	Bernard Muller, the current chairman of Portinvest, and Andreas Drenthen, the current chief executive officer of Portinvest and ISD
“Related Party Agreements”	the Acquisition Agreement, the Placing Agreement, the Lock-In Agreement, the Restrictive Covenant, the Services Agreement and the letters of appointment referred to in paragraphs 5 and 6 of Part IV of this document
“Restrictive Covenant”	the agreement to be entered into on Completion between (1) the Company, (2) ISD and Ecoscrub and (3) Andreas Drenthen, Emergentes Management B.V., Emergentes Holding B.V., Bernard

Muller, Barco Limpo SGPS Lda, Alex Van't Hoff, Quattro Porte B.V., Lucas Braams and Las Moras B.V. (the "Covenantors") relating to a restrictive covenant in relation to business activities which might compete with the Company, ISD or Ecoscrub in the ARA Region

"Services Agreement"	the agreement proposed to be entered into on Completion between (1) ISD and Ecoscrub, (2) Portinvest, (3) Burando Holding B.V. and (4) the Company pursuant to which Portinvest and Burando Holding B.V. will provide certain services following Completion, brief details of which are set out in paragraph 2 of Part IV of this document
"Shareholder Placing Shares"	the 2,195,000 existing Ordinary Shares being placed by W H Ireland as part of the Placing on behalf of certain Directors family interests and members of staff of the Group
"Shareholders"	holders of Ordinary Shares
"Share Option Schemes"	the existing share option schemes of the Company as at the date of this document
"US" or "United States"	the United States of America, its territories and possessions
"W H Ireland"	W H Ireland Limited, the Company's broker in relation to the Placing
"£"	the UK Pound, being the lawful currency for the time being of the United Kingdom
"€"	the Euro, being the lawful currency of the European Union

Throughout this document, an exchange rate of £1 : €1.195 has been used unless otherwise stated.

## PART I

### LETTER FROM THE CHAIRMAN

# Nature Group PLC

(Registered in Jersey with registered number 76265)



#### *Directors*

Richard Anthony Eldridge (*Chairman*)  
Darren Paul Laguea (*Chief Executive Officer*)  
Stig Ovar Keller (*Executive Director*)  
Peter Snell (*Finance Director*)  
Nigel Sandy (*Non-Executive Director*)  
Charles Fairweather (*Non-Executive Director*)

#### *Registered Office*

Ordnance House  
31 Pier Road  
St. Helier  
Jersey JE4 8PW

#### *Proposed Directors*

Bernard Muller  
Andreas Drenthen

13 December 2010

*To Shareholders and, for information only, holders of options over Ordinary Shares*

Dear Shareholder,

### **Acquisition of Internal Slop Disposal (I.S.D.) B.V. and Ecoscrub B.V.**

**Placing of 22,000,000 new Ordinary Shares and 2,195,000 Existing Ordinary Shares  
at 50 pence per share**

### **Future Strategy and Dividend Policy**

#### **Introduction**

I am pleased to report that, further to our announcement of 19 October 2010, your Directors have concluded arrangements for the acquisition of ISD, the largest maritime and offshore waste collection group in Rotterdam together with Ecoscrub, its associated vented gas scrubbing company, from Portinvest.

Whilst Nature Group is well placed to continue the expansion of its activities throughout 2011 and beyond, the Acquisition will augment and accelerate that growth. With the Enlarged Group having geographical coverage in key Western European and Norwegian locations, and through ISD a client base of international shipping companies, Nature Group has the opportunity to establish itself as a leading independent provider of maritime and offshore waste services to the shipping industry, and a key environmental solutions provider to the oil industry.

As part of the arrangements relating to the Acquisition, I am delighted to welcome, with effect from Completion, Bernard Muller and Andreas Drenthen to our Board and as significant shareholders in Nature Group through their indirect holdings in Portinvest, the vendor of ISD and Ecoscrub.

#### **Background to and reasons for the Acquisition**

The Executive Directors of the Company have, since early 2009, been engaged in commercial discussions with ISD, Bernard Muller, and Andreas Drenthen, as to co-operative business opportunities between the two organisations. In recent years, Nature Group has, from time to time, transhipped recovered oil to Nord

Refinery in the Netherlands and both ISD and Nature Group are members of Euroshore, the association of port waste contractors in Europe. The commercial benefits that are expected to result from a more formal corporate association, through the alliance of the significant ISD shipping and oil industry connections together with the position of ISD as the largest maritime and offshore waste collection group in Rotterdam and the expanding South West Europe business within the Group supported by proven treatment capabilities, have led to the Acquisition. The Enlarged Group will have an extended coverage in Western Europe for maritime and offshore waste reception and treatment, and a number of potential synergies from operations as a single group.

Nature Group is currently in the process of increasing its reception tankage facilities from 7,000m<sup>3</sup> to 12,000m<sup>3</sup> at its headquarters treatment facility in Gibraltar, as announced in September 2010. Further information on this is set out below, together with further information on ISD and Ecoscrub. Further financial information on ISD and Ecoscrub is set out in Part II of this document. In addition, a pro-forma balance sheet of the Enlarged Group is set out in Part III of this document.

Your Directors believe an exciting future for the Group lies ahead and we look forward to reporting on the achievement of further key milestones in the development of the Enlarged Group and its services to the shipping and oil industries.

### **The Acquisition**

On 10 December 2010, the Company and Portinvest entered into the Acquisition Agreement under which the Company has agreed to purchase the whole of the issued share capitals of ISD and Ecoscrub for a total consideration of £16,000,000. The consideration will be satisfied by the issue of 16,000,000 new Ordinary Shares in Nature Group and £8,000,000 in cash to be raised through the Placing. Further details of the Acquisition Agreement are set out in paragraph 1 of Part IV of this document.

### **ISD and Ecoscrub**

ISD is the largest maritime and offshore waste collection group in Rotterdam and the ARA Region. ISD has approximately 60 per cent. of the collected maritime and offshore waste in the Port of Rotterdam. It operates a fleet of 10 barges and in recent years has been owned by Portinvest, a Rotterdam-based supplier of port and maritime services, which have been developed in association with the Burando Group, a long established oil storage and maritime services business headquartered in Rotterdam. Under the Services Agreement to be entered into on Completion, Portinvest and Burando Group will continue to provide certain services to ISD and Ecoscrub. In addition, both Portinvest and Burando Group will assist in supporting and developing the business of ISD, Ecoscrub and the Group worldwide, through their significant ship owning, logistics and port connections. Certain specific opportunities in other key locations have also been identified as a result of these connections. Further details of the Services Agreement are set out in paragraph 2 of Part IV of this document.

ISD has, in recent years, developed new business opportunities with oil industry clients in the North Sea and elsewhere, and your Board believes the integration of ISD with Nature Group will enable the Enlarged Group to achieve further growth in Norway, the Netherlands and other areas.

In the year ended 31 December 2009, ISD handled 171,448 metric tonnes of maritime and offshore waste fluids, and, on a turnover of €9,828,959 (£8,252,070), produced net profits after tax of €1,951,100 (£1,632,720). Ecoscrub, which is beginning to achieve modest revenues as new legislation takes effect requiring scrubbing of hydrocarbon vapours during oil cargo loading, made a small loss of €36,000 – (£30,125) in 2009.

In the current year, ISD is expecting to increase its maritime and offshore waste throughput and to achieve a financial outturn for the year ended 31 December 2010 of no less than that achieved in 2009. Ecoscrub is anticipated to operate at break-even or better for the year ending 31 December 2010, with revenues expected to increase in 2011.

Moore Stephens were appointed by the Company to carry out financial due diligence on ISD and Ecoscrub and summary financial information in respect of the acquired companies is set out in Part II of this document.

Set out in Part III of this document is an unaudited pro forma statement of net assets for the Enlarged Group showing the effects of the Acquisition and the Placing on the Enlarged Group.

### **Proposed Directors**

**Andreas Drenthen**, aged 42, the Chief Executive Officer (CEO) of Portinvest and ISD, will, on Completion, join the Board and become full time Chief Executive Officer of the Enlarged Group, based in Rotterdam and also responsible for N.W. Europe, Norway and international expansion. Darren Laguea will be the Managing Director of the Group and is based principally in Gibraltar, covering S.W. Europe port treatment operations and the Group's 'recovered oil' strategy.

**Bernard Muller**, aged 42, the Chairman of Portinvest, will, on Completion, join the Board as a non-executive Director and will be appointed Deputy Chairman of Nature Group.

We welcome them as Directors and look forward to their contribution to the future growth of the Enlarged Group.

### **Financial Prospects for the Enlarged Group and Future Dividend Policy**

In addition to the significant increment of earnings to Nature Group as a result of the Acquisition, the Directors and ISD have identified a number of synergies which are expected to be achieved from the integration of the businesses and the initial benefit from such synergies should be reflected in the Enlarged Group's financial results for the year ending 31 December 2011. Your Directors intend to recommend the payment of dividends to shareholders representing 25 per cent. of future net earnings per share, with effect from the financial year commencing January 2011. An interim dividend will be considered in September 2011 reflecting a commencement of this policy.

### **Current Trading and Prospects**

As reported in September 2010 and in the press release of 19 October 2010, your Group, excluding the impact of the Acquisition, will have shown further growth in its core ports business in 2010. However, in Norway our oil industry environmental businesses have, as yet, been unable to secure in the current year the new contracts, particularly on offshore rigs, which we had anticipated. We are pleased to say that the current level of enquiries for 2011 and beyond have improved and with additional marketing in other areas such as Kazakhstan, Russia, and the Middle East, a promising future for oil waste solutions and treatment services to the oil industry is anticipated.

For the current year, the financial impact of our new port based waste installation contract in Duqm, Oman will have contributed a lower figure than expected. This is due to site delays in the requisite construction projects of ports and docks in the area, and has reduced the Group's projected revenue for the year ending 31 December 2010 to a figure in the region of £7,300,000 (2009: £5,000,000) against an expected level of £8,000,000. However, the Oman "new build" port facility has generated significant design and project management benefits for the Group and the Enlarged Group potentially worldwide, in addition to providing a modest contribution to profitability in the current year. The Oman project should further contribute to the Enlarged Group in 2011 and your Directors believe that this project and the Middle East region will see an increase in environmental support services provided by the Group.

In view of the Board's expectations for the Enlarged Group's trading performance in 2010, your Directors will consider a similar increase in the dividend distribution for 2010 which, in respect of the year ended 31 December 2009, amounted to 0.6p per share. The expected dividend to be paid in respect of 2010 will be announced with our results for the year ending 31 December 2010, in May 2011. The shares to be issued to Portinvest as consideration for the Acquisition will not be entitled to any dividend or distribution that may be declared in respect of the financial year ending 31 December 2010.

### **Expansion of Nature Group's Operational Tankage and Facilities in Gibraltar**

As also announced in October 2010, our Gibraltar subsidiary, Nature Port Reception Facilities Limited, has reached agreement in principle with the Government of Gibraltar to extend its operational quayside site in the port. A new lease is to be signed for an area immediately adjacent to our existing facility, and additional

reception and storage tanks will be erected providing an additional 5,000m<sup>3</sup> of storage, thereby increasing the Group's facility in Gibraltar to 12,000m<sup>3</sup> of tanks for reception and storage. The new lease will be granted for 21 years and additionally our existing lease (with 16 years remaining) will be extended to 21 years.

The total cost of this extension will be approximately £1,800,000, including a lease premium to be paid. The Directors expect to fund £1,000,000 of this cost by long-term bank financing. The expansion of tank volumes is essential in view of the increasing trend towards inwards transshipment of oil wastes, typically in shiploads of 3,000m<sup>3</sup>, and the increased volumes of recovered oil accumulated prior to onwards shipment and sale.

In addition, Bunkering, Mooring and Rigging Licences are to be acquired in Gibraltar at a cost of £250,000, by means of the transfer of this licence from Java Oil Ltd, a Gibraltar oil trading and bunkering company of which Darren Laguea was an executive director prior to joining the Nature Group Board in 2007. The owner of Java Oil Ltd, Paul Imossi, together with Darren Laguea, as a prior shareholder and Java Oil Ltd, will enter into non-competition agreements whereby all future oil and bunkering activities formerly carried on by Java Oil will effectively transfer to the Group. Paul Imossi will join the Board of our Gibraltar subsidiary as a non-executive director. The cost of acquisition of the above licence will be settled by the issue of 500,000 new Ordinary Shares of the Company, to be issued at an equivalent price to the Placing Price.

### **Strategic Objective of the Enlarged Group**

The Group's strategic objective following the Acquisition is set out below.

*"To become a leading global liquid and hazardous waste collection and treatment group providing a transparent sustainable approach in terms of treatment and solutions in various strategic locations worldwide, with an ability to deliver the highest standards of complex waste water treatment utilising "small footprint" technology developed by the Group".*

### **Our Markets**

#### **Maritime Industry**

##### **Background**

The International Convention for the Prevention of Pollution from ships was effected by the IMO in 1973 and regulates the marine waste industry in conjunction with the MARPOL Act (Merchant Shipping (Pollution) Act 2006). At this moment there are 6 annexes (I to VI) recognised internationally, which are briefly described below.

Annex I: Ship generated waste (sludge / bilgewater / used engine oil)

Annex II: Chemical waste in bulk

Annex III: Packaged chemicals

Annex IV: Sewage

Annex V: Solid waste

Annex VI: Waste and exhaust gas

The Group has been primarily focussed on the provision of services and solutions for Annex I and now, through Ecoscrub, it will also be able to focus on Annex VI. In Europe there is a requirement for all businesses involved in the reception of waste to be licensed, with 'IPPC' or equivalent legislation providing significant threshold barriers to companies engaged, or wishing to be engaged, in the waste industries. Furthermore, any discharge of waste from waste reception and treatment facilities is required to be licensed by the relevant environmental agencies and to meet stringent analytical requirements. The transfer or transportation of wastes requires transshipment licences and approval by regional/state agencies.

The Enlarged Group has the requisite licences (or has applied for such in the case of new locations and/or transshipments of waste) for its current operational plans, including transshipment arrangements with Holland.

The growing legislative requirements for control of waste worldwide, allied to the increasing reputation of Nature Group and ISD in the field of waste waters reception and treatment, should provide significant

opportunity for the Enlarged Group to expand to further locations and in its customer base. Increasingly shipping and oil companies seek the confidence of waste disposal to proven, first-class operators such as the Enlarged Group, providing transparent and sustainable solutions and where appropriate discharge of clean water to sea to the highest standards, fully compliant with international and regional environmental legislation.

## **Oil Industry**

The Group has targeted the key markets within the oil industry both offshore and onshore.

Since the formation of Nature Technology Solution AS in Norway in 1999, the directors and staff in Stavanger have carried out a number of oil waste treatment projects for oil industry clients and others. The development of the Norsesea Port Stavanger quayside treatment facility as developed by the Group in 2001/2, became a joint venture in 2003 in order to increase the access to waste waters in the western Norway region. In addition projects have been carried out in many locations in Norway and elsewhere. More recently, in 2005, the Group identified the requirement for a small footprint offshore treatment units capable of treating drilling rig oil slop waste offshore, and the Group has successfully developed such units, supported by the required Norwegian Environmental Agency permission to discharge cleaned water offshore.

Offshore – the OTU (offshore treatment units) designed and built by the Group in Norway is now a proven technology after two years of offshore operations. The Group's containerised treatment units have changed the perception of the size of such treatment facilities required to achieve both throughput rates and the required reductions in hydrocarbon pollution. In addition, these units are a targeted cost saving, on-site technology. However, penetrating the market, given the established frame agreements of oil majors with larger service companies, has proved difficult. The expected growth in the offshore oil industry, and identified environmental pressures, will, the Company believes, lead to a breakthrough for its technologies in the existing offshore hydrocarbon regions, and especially in new and emerging markets like Russia, Central Europe, Brazil and West Africa.

Onshore – In the Group's 40 per cent. owned installation in Norway the Group treats oil industry waste waters delivered to site currently at a rate of more than 20,000m<sup>3</sup> a year. The technical know-how present in the Norwegian team has provided highly specialised treatment solutions to our customers in a number of other onshore locations, including drilling sites.

### *Produced Water*

In the period 2002-2007 the Group was engaged in an industry research and development programme with several leading oil companies, as to the application of its technology, and in particular its patented green adsorbent for water treatment.

Produced water, being the water produced in very significant volumes from oil and gas subterranean reservoirs, has traditionally been discarded to land or to sea, or re-injected into other reservoirs. Legislation is now seeking to further decrease the hydrocarbon levels present in such discharged produced water, together with addressing other environmental issues present in such subterranean waters.

Nature Group is in the process of recommencing further research and trial work on this very substantial market opportunity, and hopes to engage in full-scale testing at a suitable site in the Middle East in 2011.

### *Decommissioning Market*

Some 1,000 drilling platforms will need to be dismantled in the next 20 years with an average disposal of some 10,000m<sup>3</sup> to 30,000m<sup>3</sup> of waste water in each case, representing a potential market for companies such as Nature Group. The Group already has contractual experience in this field.

### *Waste to Energy*

Nature Group is also engaged in discussions with regards to utilising the gases produced in the waste treatment process for power generation.

## The Placing

Conditional on Admission, W H Ireland has placed the Placing Shares with institutional and other investors. W H Ireland has arranged the Placing as agent for the Company and certain Directors, family interests and staff members of the Group. The Placing Price of 50p per share represents a discount of approximately 14.5 per cent. to the closing mid-market price for an Ordinary Share of 58.5p on 10 December 2010, being the last dealing day prior to the announcement of the Acquisition and the Placing.

The Placing Shares to be issued and sold pursuant to the Placing comprise 16,000,000 new Ordinary Shares to raise the cash consideration payable under the Acquisition Agreement, the 2,195,000 Shareholder Placing Shares which are being placed on behalf of certain Directors, family interests and staff members of the Group and 6,000,000 new Ordinary Shares which are being placed on behalf of the Company.

The New Ordinary Shares, which will represent 49.07 per cent. of the enlarged issued share capital of the Company at Admission and will rank *pari passu* in all respects with the other Ordinary Shares then in issue, including rights to all dividends and other distributions declared, made or paid following Admission save that the Ordinary Shares to be issued to Portinvest as consideration for the Acquisition will not be entitled to any dividend or distribution declared in respect of the financial year ending 31 December 2010.

Certain Directors or their family interests as scheduled below, have participated in the Placing. The number of Ordinary Shares which have been placed on behalf of the Directors and their shareholdings following the Placing are as follows:

	<i>Holding of Ordinary Shares following the Placing</i>	<i>Number of Ordinary Shares placed</i>
R. A. Eldridge	3,076,500	300,000
C. P. Fairweather	3,064,883	295,000
S. O. Keller	933,638	650,000
P. Snell	672,000	100,000

The House of Italy Limited in which P. Snell is a minority shareholder has also placed 150,000 shares, reducing its holding to 200,000 Ordinary Shares.

A further 125,000 Ordinary Shares currently under option to an employee are to be issued and placed by W H Ireland subsequent to the Placing. The issue of these Ordinary Shares is unrelated to the Acquisition and the Placing and no account of the issue has been taken in the compilation of the Statistics set out at the beginning of this document.

## Related party transaction

The sale of existing Ordinary Shares by Richard Eldridge, Peter Snell, Charles Fairweather and Stig Keller, directors of Nature Group, in the placing is a related party transaction pursuant to Rule 13 of the AIM Rules.

The Independent Directors of Nature Group, having consulted with the Company's Nominated Adviser, Northland Capital Partners Limited, consider the terms of the placing arrangements involving Richard Eldridge, Peter Snell, Charles Fairweather and Stig Keller to be fair and reasonable insofar as its shareholders are concerned.

### *The Placing Agreement*

Pursuant to the terms of the Placing Agreement between the Company, the Directors, W H Ireland and Northland, W H Ireland has conditionally agreed to use its reasonable endeavours and the Proposed Directors, as agent for the Company and certain Directors and staff members of the Company to place the Placing Shares at the Placing Price with certain institutional and other investors. The Placing Agreement is conditional upon Admission becoming effective on or before 21 December 2010 (or such later date as W H Ireland, and the Company may agree, not being later than 14 January 2011).

The Placing Agreement contains warranties from the Company, the Directors and the Proposed Directors in favour of W H Ireland in relation to, *inter alia*, the accuracy of information contained in this document and certain other matters relating to the Group and its business. In addition, the Company has agreed to

indemnify W H Ireland in relation to certain liabilities it may incur in the Placing. W H Ireland has the right to terminate the Placing Agreement in certain circumstances prior to Admission, related primarily to any material adverse change in the financial position or prospects of the Company or any significant deterioration in markets leading to *force majeure*.

Pursuant to the terms of the Placing Agreement, the Company has agreed to pay W H Ireland commissions in respect of the Placing together with all reasonable expenses and any applicable value added tax. Further details of the Placing Agreement are set out in paragraph 4 of Part IV of this document.

The Directors have the required authority under the Act to issue the New Ordinary Shares.

### **Professional Advice**

Your Directors engaged Moore Stephens to undertake appropriate financial due diligence on ISD and Euroscrub, and have been advised by Pinsent Masons LLP as to legal matters and contracts, both on normal commercial terms.

Northland, the Nominated Adviser to the Company, has provided advice to the Company in relation to the Acquisition and Admission.

### **Admission**

Application will be made for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will be effective and that trading in these shares will commence on 21 December 2010.

### **Lock-in arrangements**

Under the terms of the Lock-in Agreement agreed between the Company, Northland, W H Ireland and Portinvest. Portinvest, whose interest in the Company will amount in aggregate to 18,000,000 Ordinary Shares representing 23.25 per cent. of the Enlarged Share Capital, has undertaken not to dispose of any interest in its Ordinary Shares except in certain circumstances for one year from Completion (the "Lock In Period"). It has also agreed, following the expiry of the Lock In Period, to not dispose for a further 12 month period of any of its interests in the Ordinary Shares other than through the Company's broker.

In addition, Portinvest has agreed that it will not dispose of its interest in more than one half of the Consideration Shares before the date which is thirty months after Completion. Portinvest has also charged its interest in the Consideration Shares as security for its obligations under the Acquisition Agreement.

### **Conclusion**

Your Directors are extremely pleased to have achieved this acquisition of the largest maritime and offshore waste collection group in the Port of Rotterdam and the ARA Region into the Group. It provides a unique and exciting platform for expansion, with the locations of the Enlarged Group reaching from Norway and the North Sea through Western Europe, and to the Mediterranean and African coastlines. The shipping and oil industry clients of the Enlarged Group will, I am confident, seek to develop further their business with the Group in the existing and new locations, due to the transparent, sustainable and technological solutions it can provide. Your Directors and the Enlarged Group team look forward to this exciting and challenging period ahead.

### **Richard Eldridge**

Chairman

## PART II

### INFORMATION ON ISD AND ECOSCRUB

#### Profit and loss account – International Slop Disposal (I.S.D.) B.V.

	Year to 31 December			6 months to
	2007	2008	2009	30 June
	Unaudited <sup>2</sup> €'000	Unaudited <sup>2</sup> €'000	Audited €'000	Unaudited €'000
Revenue	7,306	10,641	9,829	6,813
Cost of sales	(3,847)	(5,310)	(4,826)	(4,028)
<b>Gross profit</b>	<b>3,459</b>	<b>5,331</b>	<b>5,003</b>	<b>2,785</b>
Wages and salaries	–	(620)	(681)	(366)
Social security cost	–	(76)	(86)	(50)
Pension plan	–	(56)	(61)	(34)
Charged personnel expenses <sup>1</sup>	(704)	–	–	9
Depreciation	(192)	(287)	(254)	(149)
General & administrative expenses	(1,906)	(1,567)	(1,318)	(592)
<b>EBIT</b>	<b>657</b>	<b>2,725</b>	<b>2,603</b>	<b>1,603</b>
Interest income and expense	(17)	(20)	2	(7)
<b>Profit before tax</b>	<b>640</b>	<b>2,705</b>	<b>2,605</b>	<b>1,596</b>
Corporation tax	(157)	(676)	(654)	(407)
<b>Profit after tax</b>	<b>483</b>	<b>2,029</b>	<b>1,951</b>	<b>1,189</b>

Source: Unaudited financial statements for the year ended 31 December 2008; Audited financial statements for the year ended 31 December 2009; Management accounts for the six months ended 30 June 2010.

Note<sup>1</sup>: In 2007 total personnel expenses were charged by a third party. Since 1 January 2008 the company has its own pay roll administration.

Note<sup>2</sup>: In the financial years ended 31 December 2007 and 2008 ISD took advantage of the small company audit exemption.

#### Profit and loss account – Ecoscrub Solutions B.V.

	Year to 31 December			6 months to
	2007	2008	2009	30 June
	Unaudited <sup>1</sup> €'000	Unaudited <sup>1</sup> €'000	Unaudited <sup>1</sup> €'000	Unaudited €'000
Revenue	133	344	238	240
Cost of sales	(12)	(79)	(30)	(47)
<b>Gross profit</b>	<b>121</b>	<b>265</b>	<b>208</b>	<b>193</b>
Personnel expenses	(64)	(101)	(200)	(109)
Depreciation	(7)	(10)	(18)	(12)
General & administrative expenses	(19)	(44)	(33)	(23)
<b>EBIT</b>	<b>31</b>	<b>111</b>	<b>(43)</b>	<b>49</b>
Interest income and expense	–	–	(2)	(1)
<b>Profit before tax</b>	<b>31</b>	<b>111</b>	<b>(45)</b>	<b>48</b>
Corporation tax	(7)	(22)	9	(10)
<b>Profit after tax</b>	<b>24</b>	<b>89</b>	<b>(36)</b>	<b>38</b>

Source: Unaudited financial statements for the years ended 31 December 2008 and 2009; Management accounts for the six months ended 30 June 2010.

Note<sup>1</sup>: In the financial years ended 31 December 2007, 2008 and 2009 Ecoscrub took advantage of the small company audit exemption.

PART III

UNAUDITED PRO FORMA BALANCE SHEET OF THE ENLARGED GROUP

Pro forma balance sheet at 30 June 2010

Notes	ISD Ecoscrub		ISD Ecoscrub		The Group £'000	Adjustments			The Enlarged Group's pro forma position £'000
	£'000	€'000	£'000	£'000		Consolidation £'000	Transaction £'000	Placing £'000	
	1	1	2	2	3	4	5	6	
<b>Assets</b>									
<b>Non current assets</b>									
Plant and equipment	3,213	60	2,604	49	4,073	-	-	-	6,726
Intangible assets	-	-	-	-	451	-	-	-	451
Goodwill	-	-	-	-	-	(2,470)	16,000	600	14,130
Investments	-	-	-	-	279	-	-	-	279
Deferred tax asset	-	-	-	-	24	-	-	-	24
<b>Total non current assets</b>	<b>3,213</b>	<b>60</b>	<b>2,604</b>	<b>49</b>	<b>4,827</b>	<b>(2,470)</b>	<b>16,000</b>	<b>600</b>	<b>21,610</b>
<b>Current assets</b>									
Inventory	-	28	-	23	115	-	-	-	138
Trade and other receivables	2,322	50	1,881	41	1,584	(46)	-	-	3,460
Cash and cash equivalents	1,346	18	1,091	14	1,876	-	(8,000)	10,400	5,381
<b>Total current assets</b>	<b>3,668</b>	<b>97</b>	<b>2,972</b>	<b>78</b>	<b>3,575</b>	<b>(46)</b>	<b>(8,000)</b>	<b>10,400</b>	<b>8,979</b>
<b>Total assets</b>	<b>6,881</b>	<b>156</b>	<b>5,576</b>	<b>127</b>	<b>8,402</b>	<b>(2,516)</b>	<b>8,000</b>	<b>11,000</b>	<b>30,589</b>
<b>Current liabilities</b>									
<b>Non-current liabilities</b>									
Deferred tax	157	-	127	-	-	-	-	-	127
Long term debt	1,636	-	1,326	-	331	-	-	-	1,657
<b>Total non current liabilities</b>	<b>1,793</b>	<b>-</b>	<b>1,453</b>	<b>-</b>	<b>331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,784</b>
<b>Equity</b>									
Share capital	18	18	15	15	79	(30)	32	44	155
Share premium	-	-	-	-	3,286	-	7,968	10,956	22,210
Reserves	1,776	9	1,439	7	2,925	(1,446)	-	-	2,925
Profit and loss account	1,189	38	963	31	870	(994)	-	-	870
<b>Total equity</b>	<b>2,983</b>	<b>65</b>	<b>2,417</b>	<b>53</b>	<b>7,161</b>	<b>(2,470)</b>	<b>8,000</b>	<b>11,000</b>	<b>26,160</b>
<b>Total equity and liabilities</b>	<b>6,881</b>	<b>156</b>	<b>5,576</b>	<b>127</b>	<b>8,402</b>	<b>(2,516)</b>	<b>8,000</b>	<b>11,000</b>	<b>30,589</b>

*Notes:*

1. The financial information in respect of ISD and Ecoscrub has been extracted without material adjustment from their respective management accounts as at 30 June 2010.
2. The financial information in respect of ISD and Ecoscrub has been converted from Euro into Sterling at the interbank rate at 30 June 2010 of 0.8103.
3. The financial information in respect of the Group has been extracted without material adjustment from its unaudited interim results for the six months ended 30 June 2010.
4. Adjustments to reflect the elimination of inter-company balances between ISD and Ecoscrub (£46,000) and the purchase of ISD and Ecoscrub by Nature Group. The acquisition of ISD and Ecoscrub has been accounted for using the purchase method. This method is likely to give rise to positive goodwill being recorded in the Enlarged Group's balance sheet. For the purpose of this pro forma statement of financial position, no fair value adjustments have been made.
5. The consideration in respect of the Acquisition is as specified in the Acquisition Agreement. Transaction costs of £600,000 are estimated in respect of the Placing and the acquisition of ISD and Ecoscrub.
6. A placing in December 2010 of 22,000,000 of the Group's Ordinary Shares at a price of 50p per share, raising approximately £11,000,000 before transaction costs.
7. No account has been taken of trading or movements since the dates set out above, unless otherwise specified.

## PART IV

### ADDITIONAL INFORMATION

#### 1. Acquisition Agreement

An agreement entered into on 10 December 2010 between the Company and Portinvest pursuant to which the Company has conditionally agreed to acquire the entire issued and outstanding share capitals of ISD and Ecoscrub for an aggregate price of £16,000,000 to be comprised of a cash payment of £8,000,000 and the issue and allotment of such number of Ordinary Shares as, at the Placing Price, have an aggregate market value as near as possible to but not exceeding £8,000,000.

The sale and purchase is subject to certain conditions being fulfilled by 8.00 a.m. on 31 December 2010 including the Placing Agreement becoming unconditional in all respects (other than in respect of the Acquisition Agreement becoming unconditional, Admission and receipt of sufficient funds from the Placing to pay the cash consideration of £8,000,000).

Portinvest has given warranties and indemnities to the Company which are typical for a transaction of this nature and also given an indemnity against any (1) tax liability ISD and Ecoscrub may have relating to the period prior to Completion and (2) any losses or costs resulting from any conduct currently being investigated by the Dutch competition authority.

Portinvest has also undertaken that it will not and will procure that any entity it controls will not, inter alia, for a period of five years from Completion directly or indirectly carry on or assist in carrying on or engage in, or be interested in, any activity which is the same or substantially the same as the business of ISD or Ecoscrub in the ARA Region.

The Consideration Shares when issued and fully paid, will rank equally in all respects with the existing Ordinary Shares save in respect of any dividend or distribution declared in relation to the financial year ending 31 December 2010.

Pursuant to the Acquisition Agreement, Portinvest has entered into a security interest agreement with the Company as security for its obligations under the Acquisition Agreement and the tax indemnity granted. Under the terms of this agreement, Portinvest has granted a first charge over the Consideration Shares but will, in absence of an event of default, retain all voting and other rights attaching to the Consideration Shares. If no claim under the Acquisition Agreement or tax indemnity is made within one year of Completion then the Company will release one half of the Consideration Shares from the security granted by this agreement and if no such claim is made within thirty months of Completion then the Company will release the balance of the Consideration Shares from the security granted by this agreement.

#### 2. Services Agreement

By an agreement to be entered into on Completion between (1) ISD, (2) Ecoscrub, (3) Portinvest (for itself and its subsidiaries), (4) Burando Holding B.V. (for itself and its subsidiaries) and (5) the Company, Portinvest and the Burando Group ("the Service Providers") have agreed to provide those services to ISD and Ecoscrub that they provided prior to Completion including pay roll services, accounting services (including but not limited to the preparation and production of management accounts, credit control function, maintaining sales and purchase ledgers and providing information relating to accounting, tax and insurance as may be required from time to time), human resource services, facilitating and providing IT and telecommunications services including infrastructure, providing health and safety and maintenance services. In return ISD and Ecoscrub shall pay an aggregate monthly fee which is to be adjusted from 1 January 2011 to reflect any changes in the actual costs incurred by Portinvest and the Burando Group. In addition, ISD and Ecoscrub will bear their due proportion of any central costs which are provided in addition to the services referred to above.

The agreement subsists for a minimum period of 36 months. ISD or Ecoscrub may terminate the agreement or any service (or part of a service) on not less than 3 nor more than 6 months notice. The agreement is terminable if a Service Provider is in breach and has not taken effective measures to cure that failure in which event the agreement may be terminated as to that Service Provider, the relevant service or generally as ISD or Ecoscrub may notify.

The agreement is not exclusive. The Service Providers will give ISD and Ecoscrub the same level of priority as they give themselves or other companies within the same group and are to provide the services to the same standard as they are provided to others and be performed in a professional manner consistent with standards reasonably applicable to such services.

Portinvest, Burando Holding B.V. and the Company will work together to establish a joint sales and marketing strategy and programme to identify and capitalise on joint opportunities.

Portinvest and Burando Group have also agreed to obtain from ISD and Ecoscrub the services that they provided prior to Completion for a period of three years from Completion on similar terms as ISD and Ecoscrub provide such services to third parties, subject to certain limited exceptions.

### **3. Restrictive Covenant**

By an agreement to be entered into on Completion between (1) the Company, (2) ISD and Ecoscrub and (3) Andreas Drenthen, Emergentes Management B.V., Emergentes Holding B.V., Bernard Muller, Barco Limpo SGPS Lda, Alex Van't Hoff, Quattro Porte B.V., Lucas Braams and Las Moras B.V. (the "Covenantors") the Covenantors will undertake with the Company, ISD and Ecoscrub that they will not and will procure that their family members and any entity they control will not, *inter alia*, for a period of three years from Completion directly or indirectly carry on or assist in carrying on or engage in, or be interested in, any activity which is the same or substantially the same as the business of ISD or Ecoscrub in the ARA Region. The Covenantors which are corporate bodies together own Portinvest.

### **4. Placing Agreement**

By a placing agreement dated 10 December 2010 between (1) the Company, (2) the Directors and the Proposed Directors, (3) W H Ireland and (4) Northland, W H Ireland has agreed, as agents for the Company, to use its reasonable endeavours to procure placees for the Placing Shares at the Placing Price to raise £11,000,000 (before expenses) for the Company. The Placing Agreement is conditional, *inter alia*, upon the Acquisition becoming unconditional in all respects (save in relation to Admission and receipt of funds). The Placing Shares, when issued and fully paid, will rank equally in all respects with the existing Ordinary Shares. The Placing Shares will be conditionally allotted and issued subject only to Admission which is expected to occur on 21 December 2010.

Pursuant to the Placing Agreement and subject to certain exceptions in relation to specified investors, the Company shall pay to W H Ireland a commission of four per cent. of the aggregate value at the Placing Price of the Placing Shares. The agreement contains undertakings and warranties given by the Company and the Directors and Proposed Directors as to the accuracy of certain information and an indemnity from the Company in favour of W H Ireland.

### **5. Letter of Appointment of Bernard Muller**

Pursuant to a letter of appointment to be entered into between the Company and Bernard Muller on Completion, Bernard Muller has been appointed with effect from Completion as a non-executive director of the Company. No fees are payable directly to Bernard Muller as payment for the provision of his services is incorporated within the terms of the Services Agreement. Mr Muller's appointment may be terminated by either party on three months' notice and may be terminated immediately by the Company in the event of, amongst other matters, serious misconduct upon his part. Undertakings regarding confidentiality and other matters typical for such an appointment are included within Mr Muller's letter of appointment.

### **6. Letter of Appointment of Andreas Drenthen**

Pursuant to a letter of appointment to be entered into between the Company and Andreas Drenthen on Completion, Andreas Drenthen has been appointed with effect from Completion as an executive director and chief executive officer of the Company. No fees are payable directly to Andreas Drenthen as payment for the provision of his services is incorporated within the terms of the Services Agreement. Mr Drenthen's appointment may be terminated by either party on three months' notice or terminated immediately by the Company in the event of, amongst other matters, serious misconduct upon his part. Undertakings regarding confidentiality and other matters typical for such an appointment are included within Mr

Drenthen's letter of appointment. This letter will be terminated as and when the Company enters into a new agreement relating to the provision of Mr Drenthen's services which it is intended should occur by 30 June 2011.

### **Consents**

Northland and W H Ireland have given and not withdrawn their consents to the issue of this document and the references to their names in the form and context in which they appear.

