Nature Group PLC

("Nature" or the "Company" or the "Group")

Unaudited Interim Results for the 6 months to 30 June 2015

Nature Group PLC (AIM:NGR), the provider of port reception facilities and waste treatment solutions for the oil, marine and process industries, announces its interim results for the six months ended 30 June 2015.

Financial Highlights

- Revenues for the period £9.62 million (H1 2014: £9.05 million)
- Underlying pre-tax profit for the period £0.06 million (H1 2014: loss £0.72 million)
- Underlying earnings per share for the period 0.03 pence (H1 2014: -0.85 pence)
- Cash balance as at 30 June 2015 £2.44 million (H1 2014: £2.98 million)

Operational Highlights

- Maritime
  - Significant recovery in volumes in Rotterdam.
  - Encouraging growth in Houston, in line with expectations.
  - M/V Crystalwater sold to eliminate ongoing operational losses.
  - Hydrovac 12, a large double-hulled barge, acquired in Rotterdam to support continuous service capability.

- Oil & Gas
  - The continued weakness in the global oil price has strengthened Nature's ability to offer clients cost saving operational benefits.
  - Global sphere of influence continuing to grow, with units now operating in Canada as well as Brazil and North Sea region.
  - After a slow start to the current financial year, the level of activity continues to grow in Brazil.
  - Sale of units completed for an offshore 'hotel' rig in the North Sea region.
  - Investment in new CTU / STUs continues in order to meet anticipated growth in order pipeline.
  - Demonstrable ability to meet the demands of countries that set high environmental standards.

- Engineering
  - Continued support for the operational improvement program in Houston.
  - Containerised modular treatment facility developed for maritime liquid wastes to accelerate the speed of developing new port reception facilities, such as Sohar.

Chairman of Nature, Nigel Sandy, commented:

"*The first half of the year shows an encouraging improvement over last year, however still only about break even. We are confident that, with the actions we are undertaking, we are well positioned for the remainder of this year and beyond. Our Oil & Gas division is gaining traction; we have reviewed, and are addressing proactively the issues in our Maritime division, most notably Gibraltar. Importantly, we have taken concrete steps in building a strong, experienced management team to deliver the growth and returns our shareholders expect''.*

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About Nature Group

A company with more than 25 years' experience in waste water treatment and a unique corporate social responsibility (CSR) strategy that enables us to provide our customers with safe and secure services responding to the ever expanding and demanding legislative framework.

Nature Group combines port reception services and facilities, offshore treatment services and the latest sustainable waste treatment technologies in a steadily growing international network. Nature Group is traded on the AIM market, (ticker: NGR). www.ngrp.com

Chairman's Statement

We are pleased to announce the unaudited interim results for the six months to 30 June 2015. As we pointed out in our statement at the time of the full year report and accounts, after a disappointing 2014, actions were taken to reverse the adverse results which are beginning to pay off. Whilst the first half financial performance has shown a return to profitability this does not reflect the very considerable work in continuing to strengthen our core structure. New personnel, coupled with an ongoing overhaul of our controls, reporting and business appraisals will, we believe, lead to ongoing improvements in profitability in the second half and beyond.

Financial Review

Revenues for the six months to 30 June 2015 were £9.62 million compared with £9.05 million for the same six month period in 2014. The Group achieved an underlying pre-tax profit of £0.06 million (excluding exceptional items of £0.23m) compared to an underlying pre-tax loss of £0.72 million in the same period in 2014 (excluding exceptional items of £0.29m). The underlying profit after tax stood at £0.02 million (H1 2014: loss after tax of £0.67 million).

Capital expenditure for the period amounted to £0.53 million, covered by underlying EBITDA of £0.63 million. Significant projects included the construction of 3 Sludge Treatment Units ("STU") and 1 Compact Treatment Unit ("CTU"), as well as the purchase of trucks, new equipment and significant site improvements in Houston. Group cash balances as at 30 June 2015 were £2.44 million with free cash flow as at 30 June 2015 of £0.66 million.

Both our Maritime and Oil & Gas divisions performed in line with management expectations during the period. In our Oil & Gas division, the sale of STUs and CTUs to a third party, and the return of our operations in Brazil in Q2 have helped the results of the division. Whilst the exact timing of the future projects and deployment of the Company's CTUs and STUs is subject to some variability in the current macroeconomic environment, the board remains optimistic in the robust future for this division. Our Maritime Division has improved as a result of increased volumes in Rotterdam, the sale of the M/V Crystalwater in Gibraltar and continued growth in Houston. We expect to improve on these results going forward, with our continued investment bearing fruit in the coming months.

Dividend

Whilst there is an improving trend in the Group's profitability, it is too early in the year to anticipate the payment of a dividend for 2015. However, the dividend policy remains in place, which the Board are committed to fulfilling when circumstances allow.

Chief Executive's Statement

Operational Review

Maritime Division

Rotterdam

In the first 6 months of 2015 the Group faced an exceptional demand for our services to collect, transport and treat approximately 112,000m^3 of oily and chemical waste compared to the 2014 volume of 56,000 m^3 in the comparable period. Some of the growth comes from a number of one-off tanker contracts arriving into port with offshore waste but also represents significant volumes from our normal business in the region. After a relatively lacklustre 2014 in Rotterdam, it was encouraging to see the turnaround. However, the downside of the upsurge in demand was that volumes exceeded our invested capacity, which resulted in the need to hire additional barges to maintain our service commitment, which put pressure on our profitability.

We are confident that the action we have taken to acquire the previously-chartered Hydrovac 12, as well as the charter of a third party barge, to supplement our existing fleet of eight barges, in conjunction with our partners, will lead to a continued high service level and increased profitability in Rotterdam. An on-going review to increase our profitability in Rotterdam has already seen a new pricing structure implemented. We continue to seek opportunities to increase our involvement in the Amsterdam Rotterdam Antwerp region.

Gibraltar

As previously announced, the sale of the M/V Crystalwater was completed in the first half of the year. The vessel was initially acquired to fulfil our service requirements of collection, temporary storage and disposal following the accident in Gibraltar in 2011. Whilst we were able to maintain our service, the operation of the M/V Crystalwater came at a high price, which, with the continuing delays in rebuilding the onshore storage was unsustainable. We now operate a limited service using our remaining small collection vessel for handling high flash cargoes. This means that low flash cargoes, which represent an increased handling risk, have to be declined. The action taken, combined with a new pricing model, has ensured that operations are running at break even, avoiding the losses incurred from operating the M/V Crystalwater. We are currently revisiting our Gibraltar business plan and investment required to re-establish the full service model of storage and treatment that we previously operated in the region.

Portugal

With the sale of the M/V Crystalwater, we are no longer bringing waste collected in Gibraltar to Portugal. As a result, our business in Portugal has been slower than in previous periods. However, we are pleased to announce that we have received a license to collect maritime waste in Lisbon. We are carefully considering how we plan to implement this opportunity. Additionally, where possible, we are bringing in waste from other locations to benefit from the ability of our JV to recycle waste oil.

Houston

After just over twelve months, the investment in Nature Environmental and Marine Services is progressing well. Timothy Curl, the original founder of the business who retains a 35% holding, has given his full support to the transition as we implement investments into operational improvements including new trucks and in-house treatment facilities, the impact of which will further strengthen our profitable operation in Houston.

Given its location on the Gulf Coast we see excellent potential to grow the business and introduce new maritime services such as tank cleaning. The experience in Texas has highlighted that Nature's know-how in managing maritime waste can be successfully exported to strategically located targets to expand our international presence in port reception facilities.

Oil & Gas Division

The continued weakness in the global oil price, whilst seen as a negative for the oil and gas industry, is an opportunity for us to promote the cost saving benefits of our offshore treatment solution. With drilling contractors looking for operational cost savings Nature can provide an independently verified technology with the capacity to save our clients approximately 50%-80% compared to the alternative of onshore treatment. However, the impact of the oil price collapse has impacted on the timing and progress of some projects in which Nature was involved.

During the first half of 2015 we completed the sale of a CTU / STU package to an offshore 'hotel' rig, with similar packages currently operating on drilling platforms in Canada, Brazil and our traditional North Sea market. Further growth is expected in Brazil, plus a restart of our operations in Tanzania. Currently, we have a rental fleet of six CTUs and six STUs, with a further four units under construction, with the financing placed through Norwegian banks on a combination of leasing and loans.

Post the period end, significant changes have been made to the senior management team in Stavanger. Although profits for the division are currently running in line with our plans, we believe these changes will further accelerate the growth of our oil and gas activities.

Engineering Division

Following the successful completion of the Ministry of Defence contract for InterServe in 2014, the Cornwall based team has been concentrating on developing a modular treatment plant for the Maritime Division. These containerised plants would enable a new port reception facility to come on stream in a phased manner, increasing the capacity in line with the service demand. Recognising that this Division is essentially an in-house service to our Maritime activities, it is planned that in the future they will report as one Division.

Business Development

Four years ago we embarked on an ambitious development programme for both the Maritime and Oil & Gas Divisions, the underlying objective of which remains in place today. However, the limitations of cash and human resources means that we will now take a more focused approach to expansion.

In the Maritime Division's pipeline we are currently active with one specific opportunity in Oman, and after a successful start to the Houston business, we will continue to look for strategic businesses that provide opportunity and the foundations upon which we might build.

In the Oil & Gas Division we want to see faster growth with greater international exposure and ensure that our equipment and technology becomes standard practice for offshore drilling clients, appreciating the cost and environmental and safety benefits. We believe that with the addition of two experienced sales executives to our team we will further penetrate the market and deliver on the growth we believe is achievable.

Organisation

We have already highlighted the changes at the senior management and Board level which started with the appointment of Jan Vesseur as CEO, replacing Andreas Drenthen, our previous CEO, who remains as a Non-Executive Director and brings a wealth of experience in the maritime services sector. Additionally, the board has been further augmented and strengthened with the appointment as Non-Executive Directors of Bill McCall, who has a strong record in corporate affairs, and Berend van Straten, who has an in-depth experience of oil exploration activities.

In view of these changes, Peter Snell has now decided to step down from the Board after 14 years as a director. Peter has been involved with Nature since its inception and has always shown a great commitment. We thank him for his contribution in helping to bring us where we are today.

We have commenced a project to reduce overhead costs the effects of which we expect should be visible in the first quarter of 2016. Part of this will be achieved by the completion of a project to install an integrated Sage accounting system across the Group, as well as other efficiency savings.

Outlook

We have made a satisfactory start to the year by having stemmed the losses we sustained in 2014 and moving into positive territory. It is disappointing that the reinstatement of our Gibraltar operation has not proceeded more quickly. However, we do see alternative strategies that will help us maintain a viable presence in the region and we expect to make decisions accordingly during the remainder of 2015.

At this point in the year we are cautiously optimistic that we are on track to secure a profitable outcome in 2015. We will continue to build our Oil & Gas Division with a focus on sales, Rotterdam is back on track, Houston has made a promising start and we have taken steps to stop operational losses in Gibraltar. We believe we are more robust in coping with market adversities, but in the current volatile markets it remains difficult to predict the market reaction to sudden changes in the external environment. However, the Board is committed to take whatever action is required to restore shareholder value and we will continue to look aggressively for further improvement possibilities.

The dynamics of Nature in providing waste management services, for which we can offer a number of unique selling points to our clients in a highly regulated environment, remains unchanged.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year to 30 June 2015	***Unaudited 30 June 2015***	***Unaudited 30 June 2014***	***Audited 31 December 2014***
	£	£	£
REVENUE			
Continuing operations	9,615,848	9,054,269	17,693,881
Total revenue	9,615,848	9,054,269	17,693,881
COST OF SALES			
Continuing operations	(6,578,748)	(6,255,186)	(10,951,905)
OPERATING PROFIT	**3,037,100**	**2,799,083**	**6,741,976**
Interest income	741	-	7,217
Other income/(expense)	(102,749)	4,195	(979,934)
Share based payments	(45,013)	-	-
Administrative costs	(2,489,742)	(2,953,656)	(7,100,904)
Depreciation and goodwill amortisation	(541,880)	(794,480)	(1,513,315)
Finance costs	(36,544)	(69,158)	(129,344)
Loss before taxation	**(178,087)**	**(1,014,016)**	**(2,974,304)**
Taxation on loss on ordinary activities	(83,247)	52,408	17,810
Loss after tax	**(261,334)**	**(961,608)**	**(2,956,494)**
Attributed to non-controlling interest	48,495	37,386	114,547
Total comprehensive income for the year attributed to owners	**(212,839)**	**(924,222)**	**(2,841,947)**
Earnings per share (EPS) (pence)			
Basic earnings per share	(0.268)	(1.166)	(3.585)
Diluted earnings per share	(0.263)	(1.160)	(3.584)
Loss after tax, before share based payments	**(167,826)**	**(924,222)**	**(2,841,947)**
Excluding Share based payments	(0.212)	(1.166)	(3.585)

CONSOLIDATED BALANCE SHEET

At 30 June 2015	***Unaudited 30 June 2015***	***Unaudited 30 June 2014***	***Audited 31 December 2014***
	£	£	£
Assets			
Non-current assets			
Plant, vessels and equipment	5,660,652	9,766,105	7,896,989
Goodwill	1,177,822	323,095	1,188,002
Other intangible assets	36,329	43,620	34,627
Investment in associated company	250	250	250
Deferred tax assets	104,971	39,614	108,766
Total non-current assets	**6,980,024**	**10,172,684**	**9,228,634**
Current assets			
Insurance Recoveries on 3rd Party Claims	4,284,583	3,661,000	6,236,915
Corporate taxes	113,297	184,228	110,975
Stocks and work in progress	492,501	791,238	1,572,657
Trade and other receivables	6,232,565	6,780,069	6,661,676
Cash and cash equivalents	2,444,521	2,983,148	1,075,581
Total current assets	**13,567,467**	**14,399,683**	**15,657,804**
Total assets	**20,547,491**	**24,572,367**	**24,886,438**
Liabilities			
Current liabilities			
Trade and other payables	(2,977,409)	(3,881,132)	(4,176,022)
Bank loans and overdrafts	(998,335)	(1,403,759)	(1,411,490)
Provision for 3rd Party Claims	(4,284,583)	(3,661,000)	(6,236,915)
Total current liabilities	**(8,260,327)**	**(8,945,891)**	**(11,824,427)**
Non-current liabilities			
Term loans	**(785,316)**	**(1,012,793)**	**(930,422)**
Net assets	**11,501,848**	**14,613,683**	**12,131,589**
Equity			
Called up share capital	158,561	158,561	158,561
Share premium account	21,953,617	21,953,617	21,953,617
Share option reserve	45,013	-	-
Capital reserve	2,925,520	2,925,520	2,925,520
Foreign currency translation reserve	(1,379,152)	(700,927)	(969,333)
Profit and loss account	(12,503,776)	(10,225,738)	(12,290,936)
Equity attributable to owners of the group	11,199,783	14,111,033	11,777,429
Non-controlling interest	302,065	502,650	354,160
Total equity attributable to equity shareholders	**11,501,848**	**14,613,683**	**12,131,589**

CONSOLIDATED CASH FLOW STATEMENT

For the half year to 30 June 2015	***Unaudited***	***Unaudited***	***Audited***
	30 June 2015	***30 June 2014***	***31 December 2014***
	£	£	£
Reconciliation of operating profit to net cash flow from operating activities:			
Loss before taxation	(178,087)	(1,014,016)	(2,974,304)
Adjustments for:			
Depreciation of fixed assets	541,880	794,480	1,513,315
Decrease/(Increase) in stock	1,080,156	(654,031)	(1,435,450)
Decrease in debtors	347,337	1,151,617	558,875
(Decrease)/Increase in creditors	(1,756,874)	139,948	360,196
Foreign exchange differences	(104,939)	(149,938)	(137,545)
Increase in reserves due to share based payments	45,013	-	-
Impairment of fixed assets	-	-	74,690
Net cash from operating activities	(25,514)	268,060	(2,040,223)
Investing activities:			
Acquisition of tangible fixed assets	(534,267)	(677,427)	(806,333)
Acquisition of intangible fixed assets	(3,932)	(20,274)	(18,114)
Net cash from acquisitions	-	-	(488,323)
Proceeds from disposal of fixed assets	1,932,653	-	857,831
Financing activities:			
Dividends paid	-	(221,986)	(221,986)
Proceeds from investments by non-controlling interest	-	-	157,954
Increase/(Decrease) in cash balances	1,368,940	(651,627)	(2,559,194)
Analysis of cash and cash equivalents during the period:			
Balance at start of period	1,075,581	3,634,775	3,634,775
Increase/(Decrease) in cash and cash equivalents	1,368,940	(651,627)	(2,559,194)
Balance at end of period	2,444,521	2,983,148	1,075,581

1. The calculation of earnings per share has been based on the profit for the period and the average 79,280,655 Ordinary Shares in issue throughout the period.

2. These unaudited results have been prepared on the basis of the accounting policies adopted in the accounts to 31 December 2014.

3. The interim report to 30 June 2015 was approved by the Directors on 3 September 2015. The report will be posted to shareholders and will be available to the public, free of charge, from the offices of Cenkos Securities Plc 6.7.8 Tokenhouse Yard, London, EC2R 7AS.