

## Nature Group PLC

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

#### Unaudited Interim Results for the 6 months to 30 June 2017

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 2017.

#### Financial Performance

- Revenues for the period of £ 5.4 million (H1 2016: £ 6.2 million)
- Underlying pre-tax loss of Continuing Operations for the period of £ 1.8 million (H1 2016: loss £ 0.9 million)
- Finalized the sale and transfer of the NPRF Gibraltar assets on 16<sup>th</sup> of January 2017 for a consideration of £4.0 million.
- Profit from Discontinued Operations for the period of £ 2.0 million (H1 2016: loss £ 0.6 million) due to the combination of a book profit on the sale of NPRF Gibraltar and a book loss due to the dissolution of Nature Environmental Services Limited ("NESL") in Jersey .
- Underlying earnings per share for the period of -2.26 pence (H1 2016: -0.81 pence)
- Net indebtedness at 30 June 2017 was £1.0 million (H1 2016: £0.36 million cash and cash equivalents).
- Since the period end, the Board has been managing the cash position of the Group on a daily basis and is currently in discussions in regards to a number of strategic options which include the provision of immediate liquidity to the Group.

#### Chairman's Statement

The first six months of 2017 has been a very disappointing period for the Directors of Nature Group. 2017 started optimistically with the sale of our Gibraltar business to World Fuel Services for a total consideration of £4 million of which £3.2 million has been received and £0.8 million is held in escrow until January 2019, against any unforeseen liabilities that might arise in that period.

Trading in the first six months of 2017, has, however, been challenging. The Oil and Gas division has continued to struggle, and has consequently drained the Group's financial resources as contracts were delayed or failed to materialise. Our initial inability to flex the Group overhead to match the downturn was not helpful.

As announced in July, the Board had to act decisively and as a first step, the CEO and CFO left the Group. In their place, Andreas Drenthen, who held a non-executive position on the Board, and who is based in Rotterdam and has significant experience in the Maritime sector, has been reappointed Chief Executive Officer. René Verbruggen has been appointed to the Board as non-executive director and is currently closely supervising our financial resources and leading on the financial reporting. He has held a number of senior financial appointments in a similar capacity, and more importantly in business turnaround situations

where his experience is already benefiting the Board. For an interim period, I intend to lead the Board with just Andreas and René to ensure close communication and rapid decision-making.

### **Turnaround Plan**

One of the first decisions the restructured Board has taken, is to undertake a strategic review of all of the Group's operations. This remains ongoing. As well as continuing to scrutinise and reduce the Group's overhead we are in negotiations with a number of parties about the immediate financing, structure and strategic direction of the business. In addition, we are ensuring that the Board is monitoring, on a daily basis, the precarious financial position. Cash is being closely supervised. We look forward to updating shareholders as soon as possible on the outcome of our negotiations and expect to be able to do so within a few weeks.

### Oil and Gas Division

The volatility in oil prices has curtailed offshore exploration which is the Oil and Gas Division's target market. Although we had secured a significant contract with Maersk, the start was delayed and the division was not able to secure any additional material contracts despite the technological superior process we have in comparison to our competitors. Overheads have been cut but we continue to carrying a high fixed cost base which continues to put pressure on the Group's cash flow. In previous periods, Nature Group had the confidence to invest considerable resources in this division and we continue to receive a flow of contract enquiries from clients. Accordingly, the Board still believes that a reorganized business model has a good future in this sector.

### Maritime Division

Nature Group has a substantial and market-leading position in Rotterdam for the removal and treatments of ships generated and cargo related waste. Working in the largest port in Europe and the third largest in the world provides the scope to increase the services Nature Group offers. Our services are backed up by waste and environmental legislation in Europe. The take up by ship owners is not discretionary and is strictly monitored by environmental regulators.

The strategic review has highlighted that the distraction from having to chase oil and gas contracts has, to a limited extent, had an impact on the Maritime operations. This is currently being addressed to exploit the growth potential we have always identified for this division.

The Texas based operation, acquired in 2014, has, after an encouraging start, seen in this period a reduction in business from both support service companies and oil and gas operators in the US Gulf. This business is now being refocused to increase the range of shipping services being offered with barge support and tank cleaning adding to existing operations. We also continue to maintain an interest in Middle East port opportunities.

We believe that giving even more focus to the Maritime Division allows us to become a dedicated service business with strong growth potential. In line with our longer term aim to expand our reach outside of Europe, we see the potential of working in partnership with international waste management and environmental businesses that are looking to expand their activities into the Maritime sector.

### **Outlook**

The Board understands shareholders frustrations that we have not been able to fulfil past optimism and has worked tirelessly to review all aspects of Nature's operations. We are continuing the restructuring that started in previous periods which will be critical to the Group's survival and success and are confident that

we are putting in place a creditable and forward looking turnaround plan. Our cash position is extremely difficult and, as outlined above, we are working with partners to attempt to address our immediate liquidity concerns.

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Nature Group is traded on the AIM market, (ticker: NGR). [www.ngrp.com](http://www.ngrp.com)

**CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**  
For the half year to 30 June 2017

**Continuing operations**

	<i>Unaudited</i> 30 June 2017 £	<i>Unaudited</i> 30 June 2016 £	<i>Audited</i> year to 2016 £
Revenue	5.362.780	6.166.292	11.990.529
Cost of sales	(3.503.578)	(3.668.381)	(7.332.730)
<b>Operating profit/(loss)</b>	<b>1.859.202</b>	<b>2.497.911</b>	<b>4.657.799</b>
Other expenses	-	-	(203.961)
Share based payments	-	-	3.699
Administrative costs	(3.026.092)	(2.911.854)	(5.814.627)
Depreciation and goodwill amortisation	(493.279)	(445.259)	(1.141.913)
Goodwill write off	-	0	-
Finance costs	(110.664)	(20.780)	(35.650)
<b>Profit/(Loss) before taxation</b>	<b>(1.770.833)</b>	<b>(879.982)</b>	<b>(2.534.653)</b>
Income tax gain/(expense)	(20.211)	110.319	285.013
<b>Profit/(Loss) for the year and total comprehensive income for the year from continuing operations</b>	<b>(1.791.054)</b>	<b>(769.662)</b>	<b>(2.249.640)</b>

**Discontinued operations**

Profit/(Loss) for the year and total comprehensive income for the year from discontinued operations	2.077.620	(601.127)	(1.055.144)
<b>Profit/(Loss) for the year and total comprehensive income for the year</b>	<b>286.566</b>	<b>(1.370.788)</b>	<b>(3.304.784)</b>

**Attributable to:**

Owners of the parent			
Profit/(Loss) for the year from continuing operations	(1.770.833)	(769.662)	(2.249.640)
Profit/(Loss) for the year from discontinued operations	2.077.620	(601.127)	(1.055.144)
<b>Profit/(Loss) for the year attributable to owners of the parent</b>	<b>286.566</b>	<b>(1.370.788)</b>	<b>(3.304.784)</b>

**Non-controlling interest:**

Profit/(Loss) for the year from continuing operations	-	125.173	47.367
Profit/(Loss) for the year from discontinued operations	61.056	-	132.187
<b>Profit/(Loss) for the period attributable to owners of the non-controlling interest</b>	<b>61.056</b>	<b>125.173</b>	<b>179.554</b>

<b>Profit/(Loss) for the year and total comprehensive income for the year attributed to owners</b>	<b>347.622</b>	<b>(1.245.615)</b>	<b>(3.125.230)</b>
<b>Earnings per share (pence):</b>			
From continuing operations:			
Basic	(2,259)	(0,813)	(2,778)
Diluted	(2,192)	(0,813)	
From discontinued operations:			
Basic	2,698	(0,758)	(1,164)
Diluted	2,617	(0,758)	
<b>Profit/(Loss) after tax, before share based payments</b>	<b>347.622</b>	<b>(1.245.615)</b>	<b>(3.128.929)</b>
Excluding Share based payments	(2,259)	(0,813)	(2,778)

**CONSOLIDATED BALANCE SHEET**

As at 30 June 2017

	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>30 June 2017</i>	<i>30 June 2016</i>	<i>31 December</i>
	<i>£</i>	<i>£</i>	<i>2016</i>
			<i>£</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Plant, vessels and equipment	8.150.475	6.303.694	8.341.330
Goodwill	1.174.448	961.489	1.238.137
Other intangible assets	19.846	129.022	17.680
Investment in associated company	308.446	308.446	308.446
Deferred tax assets	494.029	264.202	478.508
<b>Total non-current assets</b>	<b>10.167.464</b>	<b>7.966.853</b>	<b>10.384.100</b>
<b>Current assets</b>			
Insurance Recoveries on 3rd Party Claims	1.665.682	-	1.593.352
Corporate taxes	7.427	121.864	86.978
Stocks and work in progress	107.743	1.470.253	79.234
Trade and other receivables	4.741.669	5.397.481	3.369.337
Cash and cash equivalents	426.722	328.855	383.642
<b>Total current assets</b>	<b>6.949.243</b>	<b>7.318.453</b>	<b>5.512.544</b>
Assets classified as held for sale	-	5.903.509	6.387.737
<b>Total Assets</b>	<b>17.096.486</b>	<b>21.188.815</b>	<b>22.284.382</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(6.394.535)	(3.683.426)	(7.031.742)
Bank loans and overdrafts	(1.466.993)	(642.888)	(1.186.456)
Corporate taxes	(409.417)	(390.784)	(386.907)
Provision for 3rd Party Claims	(1.665.682)	-	(1.593.352)
Liabilities directly associated with assets classified as held for sale	-	(5.111.259)	(5.608.227)
<b>Total current liabilities</b>	<b>(9.936.627)</b>	<b>(9.828.357)</b>	<b>(15.806.685)</b>
<b>Non current liabilities</b>			
Term loans	(822.923)	(2.920.396)	(1.220.277)
<b>Net assets</b>	<b>6.336.936</b>	<b>8.440.062</b>	<b>5.257.420</b>
<b>Equity</b>			

Called up share capital	158.561	158.561	158.561
Share premium account	21.953.617	22.019.285	21.953.617
Share option reserve	107.047	110.746	107.047
Capital reserve	2.702.399	2.925.520	2.702.399
Foreign currency translation reserve	311.270	324.200	(265.625)
Profit and loss account	(18.804.998)	(17.248.549)	(19.128.164)
	6.427.897	8.289.763	5.527.835
Amounts recognised directly in equity relating to assets classified as held for sale	-	-	-
<b>Equity attributable to owners of the group</b>	6.427.897	8.289.763	5.527.835
Non-controlling interest	(90.961)	150.299	(270.415)
<b>Total equity attributable to equity shareholders</b>	<b>6.336.936</b>	<b>8.440.062</b>	<b>5.257.420</b>

## CONSOLIDATED CASH FLOW STATEMENT

For the half year to 30 June 2017

	<i>Unaudited</i> 30 June 2017 £	<i>Unaudited</i> 30 June 2016 £	<i>Audited</i> 31 December 2016 £
<b>Reconciliation of operating profit to net cash flow from operating activities:</b>			
Profit/(Loss) before taxation	306.787	(1.576.255)	(3.600.996)
<b>Adjustments for:</b>			
Depreciation and amortisation	493.460	504.446	1.150.457
Decrease/(Increase) in stock	(28.509)	(284.623)	-
Decrease/(Increase) in debtors	(1.365.111)	1.099.299	1.798.041
(Decrease)/Increase in creditors	(542.367)	(1.089.716)	2.011.300
Foreign exchange differences	(218.763)	587.822	30.533
Increase in reserves due to share based payments	-	-	(3.699)
Impairment of financial/fixed assets	-	-	646.405
<b>Net cash from operating activities</b>	<b>(1.354.503)</b>	<b>(759.026)</b>	<b>2.032.040</b>
<b>Investing activities:</b>			
Result from divestment of asset held for sale	1.383.284	-	-
Acquisition of tangible fixed assets	(256.421)	(392.782)	(1.968.916)
Acquisition of intangible fixed assets	(2.166)	-	(166.478)
Proceeds from disposal of fixed assets	-	34.761	-
<b>Financing activities:</b>			
Proceeds from bank borrowings	(116.817)	955.768	(336.884)
Proceeds from investments by non-controlling interest	-	-	-
<b>Increase in cash balances</b>	<b>(346.622)</b>	<b>(161.278)</b>	<b>(440.238)</b>

**Analysis of cash and cash equivalents during the period:**

Balance at start of period	(693.649)	525.578	(253.411)
Increase/(Decrease) in cash and cash equivalents	(346.622)	(161.278)	(440.238)
<b>Balance at end of period</b>	<b>(1.040.271)</b>	<b>364.300</b>	<b>(693.649)</b>

1. The calculation of earnings per share has been based on the loss for the period and the average 79,280,655 Ordinary Shares and 2.440.000 Options 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 2016.
3. The Cash Flow Statement incorporates both continuing operations as discontinued operations but does not provide a split as in the Consolidated Balance Sheet and Consolidated Statement of Comprehensive Income.
4. The interim report to 30 June 2017 was approved by the Directors on 29 September 2017. The report will be available to the public on the Nature Group website via [www.naturegroup.com](http://www.naturegroup.com).