



CLEARFLOWPLUS P.L.C.

Water Services Corporation, Triq Hal-Qormi, Luqa LQA 9043, Malta
Co. Reg. C38895

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by ClearFlowPlus p.l.c. (the "Company") pursuant to the Capital Market Rules as issued by the Malta Financial Services Authority in accordance with the provisions of the Financial Markets Act (Chapter 345 of the Laws of Malta).

QUOTE

The Board of Directors of ClearFlowPlus p.l.c. (the Company) has approved the Company's interim unaudited financial statements for the period 1st January 2024 – 30th June 2024, attached herewith, during the board meeting held today.

UNQUOTE

By order of the Board

A handwritten signature in blue ink, appearing to read "A. Vella", is written over a light blue circular stamp.

Dr Amanda Vella
Company Secretary

20th August 2024

CLEARFLOWPLUS P.L.C.

Interim Condensed Financial Statements
For the period 1 January 2024 to 30 June 2024

Contents

	Pages
Directors' report	2 - 3
Interim condensed statement of financial position	4 - 5
Interim condensed statement of comprehensive income	6
Interim condensed statement of changes in equity	7
Interim condensed statement of cash flows	8
Notes to the interim condensed financial statements	9 - 12
Statement pursuant to Capital Markets Rule 5.75.3	13

Directors' report

The Directors present their report and the unaudited interim financial statements of ClearFlowPlus p.l.c. (the "Company") for the six-month period ended 30 June 2024.

Basis of Preparation

The published figures have been extracted from the unaudited financial statements of the six months from 1 January 2024 to 30 June 2024, prepared in accordance with International Financial Reporting Standards for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). The comparative statement of financial position has been extracted from the audited financial statements for the year ended 31 December 2023. This report is being published in terms of Capital Markets Rule 5.74 issued by the Malta Financial Services Authority and the prevention of Financial Markets Abuse Act, 2005. In terms of Capital Market Rule 5.75.5, the Directors are stating that this Half-Yearly Report has not been audited or reviewed by the auditors of the Company.

Principal activities

The Company's revenue is derived from the services and supplies in connection with reverse osmosis plants, related after sales services, desalination, sewage treatment facilities, laboratory analysis, information technology services and sale of parts.

In addition to the above, the Company underwent significant changes in FY23 so as to be repositioned as a financing company. It raised such finance mainly through the issue of €25 million bonds with a nominal value of €100 per bond issued at par and redeemable on 25 August 2033. The bonds are quoted on the Green List of the Malta Stock Exchange. In addition, the bonds are guaranteed by its parent, the Water Services Corporation, to whom the proceeds from their issue are being advanced to finance projects which are green at their core thereby directly contributing to environmental sustainability.

Review of business and future developments

During the six-month period ended 30 June 2024, the Company registered a profit before taxation of €692K as compared to a profit before taxation of €379K generated in the six-month period ended 30 June 2023, signifying an 82% increase in the Company's profitability.

In the first six months, the Company's revenue increased to €1.03m in FY24 (FY23: €0.97m), consolidating efforts made to streamline its portfolio of products. Revenue was primarily derived from supplies in connection with reverse osmosis plants, related after-sales services, desalination, sewage treatment facilities, laboratory analysis, information technology, sale of parts and consultancy services. The biggest revenue contributor comes from waste management services representing 40% of the Company's revenue in the first half of 2024 (FY23: 43%).

Whilst cost of sales increased in line with the increase in revenue, administrative expenses for the first six months of the year decreased to €219K (FY23: €297K). This follows upon professional expenses incurred in the run up towards the bond issue which were not capitalized with the bond's cost.

State of affairs and outlook

Revenues arising from key operations, including reverse-osmosis manufacturing, water dispensers and waste management, are expected to continue improving. Challenges related to internal labour shortages are being mitigated with sub-contracting of works which will ensure that the company honours on-going contractual obligations.

Directors' report - continued

The Directors, as required by Capital Markets Rule 5.62, have considered the Company's operating performance, the statement of financial position as at 30 June 2024, as well as the business plan for the rest of the year, and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In addition, the Group has sufficient liquidity and financial resources to meet payment obligations including the Company's bond interest payments as they arise through the course of 2024. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The following have served as directors of the company during the period under review:

Dr. Vincent Micallef
Mr. Karl Cilia
Mr. Matthew Costa
Ing. David Sacco
Ms. Angela Azzopardi
Mr. Luke Cann
Ing. Abigail Cutajar
Ms. Katrina Cuschieri

In accordance with the Company's Articles of Association, the present directors remain in office.

The directors do not recommend the payment of interim dividend.

As approved by the Board of Directors in the 20 August 2024 and signed on its behalf by,



Dr Vincent Micallef
Chairman



Mr Karl Cilia
Director

Registered office of the Company:
Water Services Corporation
Triq Hal-Qormi
Luqa LQA 9043
Malta

20 August 2024

Interim condensed statement of financial position

	Notes	30 June 2024 (unaudited) €	31 December 2023 (audited) €
ASSETS			
Non-current assets			
Property, plant and equipment	3	69,490	74,722
Finance lease receivables	4	769,840	793,723
Loans receivable from related companies	5	3,557,324	2,007,862
Total non-current assets		4,396,654	2,876,307
Current assets			
Inventories		532,549	534,984
Finance lease receivables	4	53,236	48,299
Loans receivable from related companies	5	44,072	41,572
Trade and other receivables		2,175,161	1,089,109
Cash and cash equivalents		23,207,076	24,105,581
Total current assets		26,012,094	25,819,545
Total assets		30,408,748	28,695,852

Interim condensed statement of financial position – continued

	30 June 2024	31 December 2023
	(unaudited)	(audited)
	€	€
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	250,002	250,002
Retained earnings	2,882,614	2,349,861
Total equity	3,132,616	2,599,863
Non-current liabilities		
Trade and other payables	312,004	234,598
Borrowings	24,553,809	24,529,427
Total non-current liabilities	24,865,813	24,764,025
Current liabilities		
Trade and other payables	2,236,656	1,202,903
Current tax liabilities	173,663	129,061
Total current liabilities	2,410,319	1,331,964
Total liabilities	27,276,132	26,095,989
Total equity and liabilities	30,408,748	28,695,852

The accompanying notes are an integral part of these interim condensed financial statements.

The interim condensed financial statements were approved and authorised for issue by the Board of Directors on 20 August 2024 and were signed on its behalf by:



Dr Vincent Micallef
Chairman



Mr Karl Cilia
Director

Interim condensed statement of comprehensive income

		30 June 2024 6 months (unaudited) €	30 June 2023 6 months (unaudited) €
Revenue		1,027,092	969,217
Cost of sales		(470,528)	(404,411)
Gross profit		556,564	564,806
Administrative expenses	7	(219,155)	(297,190)
Operating profit		337,409	267,616
Finance costs		(551,536)	-
Finance income	8	905,751	111,808
Profit before tax		691,624	379,424
Tax expense		(158,871)	(132,798)
Profit for the year		532,753	246,626

The accompanying notes are an integral part of these interim condensed financial statements.

Interim condensed statement of changes in equity

	Called up issued share capital €	Retained earnings €	Total €
Balance at 1 January 2023	4,659	1,954,216	1,958,875
Comprehensive income			
Profit for the period	-	246,626	246,626
Issuance of new shares:			
Increase in paid-up share capital	18,634	-	18,634
Balance at 30 June 2023	23,293	2,200,842	2,224,135
Comprehensive income			
Profit for the period	-	375,728	375,728
Capitalisation of profits	226,709	(226,709)	-
Balance at 31 December 2023	250,002	2,349,861	2,599,863
Comprehensive income			
Profit for the period	-	532,753	532,753
Balance at 30 June 2024	250,002	2,882,614	3,132,616

The accompanying notes are an integral part of these interim condensed financial statements.

Interim condensed statement of cash flows

	30 June 2024 6 months €	30 June 2023 6 months €
Cash flows from operating activities		
Cash generated from operations	715,910	196,965
Income tax paid	(81,398)	(34,865)
Net cash flows generated from operating activities	634,512	162,100
Cash flows from/(used in) investing activities		
Purchase of property, plant and equipment	-	(43,562)
Additions to finance lease receivable	(4,328)	(10,821)
Repayments from finance lease receivable	23,273	18,878
Net cash flows generated from/(used in) investing activities	18,945	(35,505)
Cash flows from/(used in) financing activities		
Loan advanced to parent company	(1,569,284)	-
Repayment of loans advanced to related companies	17,322	15,786
Increase in paid-up share capital	-	18,634
Net cash flows generated from/(used in) financing activities	(1,551,962)	34,420
Net movement in cash and cash equivalents	(898,505)	161,015
Cash and cash equivalents at beginning of period	24,105,581	932,093
Cash and cash equivalents at end of period	23,207,076	1,093,108

The accompanying notes are an integral part of these interim condensed financial statements.

Notes to the interim condensed financial statements

1. Basis of preparation

The interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). The presentation currency is Euro, which is also the Company's functional currency.

The interim condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

2. Summary of significant accounting policies

The interim condensed financial statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended 31 December 2023.

3. Property, plant and equipment

During the six months ended 30 June 2024, the Company did not incur any capital expenditure whilst depreciation for the period amounted to €5,232.

4. Finance lease receivables

	30 June 2024	31 December 2023
	€	€
Net investment in the lease	823,076	842,022
Non-current		
Finance lease receivable	769,840	793,723
Current		
Finance lease receivable	53,236	48,299

The Company acts as a lessor in finance lease arrangements, leasing out water dispensers. The average term of finance leases entered into is 10 years. The lease agreements will be automatically renewed for other periods of 1 year each until either party decides to terminate the agreement by giving prior notice.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

5. Loans receivable from related companies

	30 June 2024	31 December 2023
	€	€
Non-current		
Loans receivable from related companies	3,557,324	2,007,862
Current		
Loans receivable from related companies	44,072	41,572
	3,601,396	2,049,434

The loan receivable balance is represented by three (3) loans advanced to two (2) of the Company's sister companies and its parent company.

The loans receivable balance is partially represented by €287,961 (2023: €305,283) (exclusive of accrued interest income receivable) which was advanced to a related entity by way of a loan during the year ended 31 December 2021. The loan is unsecured, bears interest of 4.5% per annum and is to be paid in full, including the agreed interest, by the year 2028.

The loan receivable balance is also represented by €63,593 (2023: €63,593) (exclusive of accrued interest income receivable) which was advanced to a related entity by way of a loan during 2022. The loan is unsecured, bears interest of 4.5% per annum and is to be paid in full, including the agreed interest, by the year 2029.

During the period, the Company advanced an additional loan to its parent company of €1,569,284, implying that the total loan to the parent company as at period end amounts to €3,249,842 (exclusive of accrued interest income receivable). This loan was financed from the proceeds of the bond issue which the Company issued in the prior year. The loan will be used by the parent company, the 'Guarantor', in a number of Eligible Green Projects. The loan is unsecured, bears interest at 4.75% per annum and is to be paid in full, including the agreed interest by the year 2033.

6. Borrowings

Bonds

	30 June 2024	31 December 2023
	€	€
Original face value of bonds issued	25,000,000	25,000,000
Gross amount of bond issue costs	(487,642)	(487,642)
Accumulated amortisation	41,451	17,069
Unamortised bond issue costs	(446,191)	(470,573)
Amortised cost and closing carrying amount of the bonds	24,553,809	24,529,427

On 20 July 2023, the Company issued 250,000 bonds with a face value of €100 each. The bonds have a coupon interest of 4.25% which is payable annually on 25 August. The bonds are guaranteed through the joint and several guarantee of the Guarantor (being the parent company, Water Services Corporation).

7. Administrative expenses

	30 June 2024	30 June 2023
	€	€
Depreciation expense	5,232	2,310
Directors' emoluments	25,424	-
Auditors' remuneration	4,250	1,000
Management fees	127,169	127,392
Professional fees	46,022	149,565
Bank charges	837	335
Other administrative expenses	10,221	16,588
Total administrative expenses	219,155	297,190

During the period under review, the Company did not employ any employees (six-month period ended 30 June 2023: Nil).

8. Finance income

	30 June 2024	30 June 2023
	€	€
Finance Lease income	105,422	107,594
Interest income from loans receivable from parent entity	577,680	-
Interest income from loans receivable from related entities	3,511	4,214
Interest income from term deposit	219,138	-
	905,751	111,808

9. Related party transactions

Water Services Corporation is the Company's immediate parent whereas its ultimate controlling party is the Government of Malta. The Company makes supplies in the ordinary course of business to its parent company, the Government of Malta, its departments and agencies, public sector corporations, local councils and other entities owned and/or controlled by Government.

Trading transactions between these companies would typically include management fees and other such items which are normally encountered in a Group context.

In the ordinary course of its operations, the Company sells goods and services to the parent company for trading purposes and also purchases goods and services from the parent company.

In the opinion of the Directors, disclosure of related party transactions, which are generally carried out on commercial terms and conditions, is only necessary when the transactions effected have a material impact on the operating results and financial position of the Company. The aggregate invoiced amounts in respect of a considerable number of transaction types carried out with related parties are not considered material and accordingly they do not have a significant effect on these financial statements.

Except for transactions disclosed or referred to previously, the following significant operating transactions, which were carried out principally with related parties forming part of the Group have a material effect on the operating results and financial position of the Company.

The Directors consider that the following significant transactions with related parties should be disclosed.

	30 June 2024	30 June 2023
	6 months	6 months
	€	€
Statement of comprehensive income		
Sales of goods held for resale and provision of services		
- Parent entity	8,211	5,870
- Related entities	917,739	905,119
Rental income on financial lease receivables		
- Related entities	105,422	107,594
Interest income earned on loans advanced to related entities		
- Parent entity	577,680	-
- Related entities	3,511	4,214
Purchases of goods and services		
- Parent entity	385,597	344,977
- Related entities	171,671	32,734
Management fees incurred		
- Parent entity	127,169	127,392
Directors' emoluments	20,000	-

9. Related party transactions – continued

	30 June 2024	31 December 2023
	€	€
Statement of financial position		
Amounts payable to		
- Parent entity	940,692	439,600
- Related entities	2,329	20,137
	943,021	459,737
Amounts receivable from		
- Parent entity	1,100,568	-
- Related entities	725,921	472,394
	1,826,489	472,394
Accrued interest income receivable		
- Parent entity	-	456,399
	1,826,489	928,793
Loans receivable from		
- Parent entity	3,249,843	1,680,558
- Related entities	351,553	368,876
	3,601,396	2,049,434

The transactions disclosed above were carried out on commercial terms.

Amounts owed by related entities as at 30 June 2024 were €725,921 (2023: €472,394). Amounts owed to related entities as at 30 June 2024 were €2,329 (2023: €20,137). These amounts are unsecured, interest free and repayable on demand.

10. Events after the end of the reporting period

There have been no significant post-interim balance sheet events.

Statement pursuant to Capital Markets Rule 5.75.3

We confirm that to the best of our knowledge:

- the interim financial statements give a true and fair view of the financial position of ClearFlowPlus p.l.c. as at 30 June 2024, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 – Interim Financial Reporting), and
- the interim Directors' Report includes a fair review of the information required in terms of Capital Market Rules 5.81 to 5.85.



Dr Vincent Micallef
Chairman



Mr Karl Cilia
Director