

SERVICE-ICAR S.R.L.
Capitale Sociale Euro 10.400 – fully paid
Via Savoia 78 - Roma
C.C.I.A.A. di Roma – nr REA 989161
C.F. 06753481008
Sole shareholder ICAR

BOARD REPORT ON MANAGEMENT OF 2014

Shareholder(s),

The budget, which closed on 31 December 2014, and submitted for your approval, shows a loss of € 23.600 after running for € 1.725 depreciation and provisions for IRAP for € 814.

1. Considerations on the situation of the company and on operations.

The company, whose main mission is to provide assistance and technical advice to organizations operating in the livestock sector, ended the year 2014, for the first time since its establishment, with a loss. This negative result is due to the activities undertaken during the year in order to allow a greater future development of the company's business. The company, since July 2014, has leased certain premises within a service company in order to allow always, even in the absence of the personnel because of business trips, to have a continuous service Secretarial and concierge. This decision resulted in incurring expenses for leased assets for over € 11K never previously supported, as the company used premises granted for free by the Shareholder under an agreement with another international association operating also in the livestock sector. The company also used, for much of the year, the external consulting company Wickham Consulting (also creating additional costs for about 25K Euros) in order to better follow the technical activities, and in particular the development of a new activity (Genoex-PSE) that has generated a cost of € 20K, but that at the end of the study process, which is expected to end in 2016, will provide new revenue. Following the resignation of the CEO, Andrea Rosati, and the decision of the Board of Directors not to appoint anyone to replace him, the Chairman of the Board, Hans Wilmink, continued personally the management of the company, the company did not pay any compensation to governing body, with a saving of approx. € 17K. Given the above, the result for the year can therefore be considered very good, being, however, the company managed to continue its normal activities for lab testing, labeling of milk meters (tagging), evaluation of control of the procedures for the granting of the certificate of quality and evaluation of genetic traits (InterBeef) trying to hold a maximum of operating costs; the company mainly doing the intermediary activity, the costs are always in direct correlation with the revenues.

2. Research and development activities.

No cost and expenses were capitalized for that activity. The cost of the new activity being tested (Genoex-PSE) was charged to the income statement.

3. Indications from para. 3 p.2 Art. 2428 Italian Civil code.

The relationship with the Sole shareholder ICAR mainly related to studies for future projects.

4. Indications from para. 3 item 3 and 4 Art. 2428 Italian Civil code.

No information is due since this item met the conditions.

5. Indications from para. 3, item 6 bis Art. 2428 Italian Civil code.

No information is due on that basis because the company does not resort to the use of financial instruments.

6. Significant events after the reporting period and outlook.

No particularly significant event is to be reported, unless the choice of the Board of Directors to appoint, for the year 2015, the company Qplus Ltd. the follow-up of technical and management activities that are currently under development. The company also hired, from February 2015, a further resource part-time in order to increase the workforce. Unfortunately, it is expected that for the year 2015 the result may be negative, as the studies concerning the development of new activities planned during the year will generate costs that only in the future (the year 2016) will lead to an implementation of revenue.

Given the above, we invite you:

1. to approve the budget for the year 2014 consists of Balance Sheet, Income Statement and Notes;
2. to cover the loss for the year amounting to € 23.600 through the use of the extraordinary reserve.

Rome, 24th March 2015

The Board

Johannes Bernardus Maria Wilmink
Presidente