



SERVICE ICAR - EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the period 1st January to 30th September, 2016

NOTES: SERVICE ICAR Balance Sheet

ASSETS

1. Trade debtors

This is the total amount for invoices issued and still outstanding.

2. Other debtors

This is the credit for VAT credit (€46,405.74) and final contribution to be received from EU for SOLID Project (€30,553.90).

3. Cash

Includes cash on hand current bank account balances (cash and BNL).

4. Capital assets

Net book value of computers and furniture owned by the Company (cost less depreciation).

5. Investment / Deposit

This is the amount deposited with Executive Office for the renting of two rooms. This amount will be paid back to the company when it decides to move.

LIABILITIES

6. Accounts payable

Total amount for invoices received to be paid.

7. Withholding taxes

These are tax liabilities for social charges and other taxes for personnel costs.

8. Severance Reserve Fund

The Company is required to collect and accumulate prescribed annual amounts as they relate to permanent employees in accordance with the legal requirements of Italy. Those amounts will be retained by S.I. and given back to the employees when they will leave the organization. S.I. has two part-time employees and one full time.

9. Deferred income

The total amount refers to invoices issued but deferred as the relevant cost from the laboratory is still due. The total amount is €130,945.00 and refers to the following activities:

-	ID	€	102,745.00
-	RD	€	28,200.00



NOTES: SERVICE ICAR PROFIT & LOSS (Income Statement) related to the first 9 months

1. Revenues

The revenue for **current activities** of the Company is detailed in the P&L. For YTD Sep 30th 2016 this is coming in at €472,446 versus Budget of €472,500. So on budget for YTD and some €184,509 ahead of this time YTD 2015.

1a. Tags

Tags are down versus last year and budget – some €20,240 for 2016 YTD vs €38,716 this time last year – combination of factors, sales lower in depressed market and / or sensors impact – to be reviewed with RSD Chair.

1b. CoQ

On track and on budget as per CoQ revised schedule – predictable now.

1c. Identification

€53,003 ahead of budget and €125k ahead of this time last year. Strong performance with good uptake by manufacturers of ICAR's Certification services.

1d. Recording Devices

€62,925 income, on track and on budget.

1e. GenoEx PSE

No income - none budgeted for 2016

1f. Milk PT

New Service launched in 2016 with €11,348 income YTD, not budgeted in 2016

1g. Interbeef

Invoices sent to Interbeef clients in October – no change expected versus budget.

2. EU Project SOLID

This is the contribution from EU for SOLID. The project has been closed at 31st March 2016.



NOTES: Statement of Financial Position (Expenses) related to the first 9 months

3. Expenses for services

The cost for **current activities** of the Company is detailed in the P&L. For YTD Sep 30th 2016 this purchasing and services costs is coming in at €365,029 versus Budget of €394,500. So under budget by some €29,471 for YTD here.

3a. Tags

As Tags orders are down versus last year this reflected in a lower cost YTD of €5,490 versus budget of €7,500.

3b. CoQ

Cost for running Auditing and Consultative Reviews came in at €4,377, well under budget. CoQ revised schedule is more predictable now for 2017, 2018.

3c. Identification

With increased sales the costs from test labs are proportionally higher 205,784 versus budgeted YTD of €174,750 which is to be expected.

3d. Recording Devices

Lab and Farm Test costs came in at €47,533 which was in line with the tests all being done in first nine months but some €5,533 higher than total year budget for these tests.

3e. GenoEx PSE

SI invested final €20,000 in PSE in 2016.

3f. Milk PT

New Service launched in 2016 with cost YTD of €8,390, not budgeted in 2016

3g. Interbeef

Invoices sent to Interbeef clients in October – no costs no revenue YTD – no change versus budget.

4. Office costs

See detail below:

Rent office and office costs Executive Office	€	22,604.00
WebEx	€	7,107.42
Telephone	€	559.89
Postage and office costs	€	270.70
TOTAL	€	30,542.01



5. Travel and accommodation

Cost for travel expenses related to Chief Executive.

6. Professional services

See detail below:

Italconsultants Srl	€	9,300.00
AON Insurance	€	7,587.85
TOTAL	€	16,887.85

7. Technical activities and IT support

Cost for maintenance server, update software, IT support and security copies.

8. Other costs

This is the cost of €29,080 was for VA Design work for the Brand Project.

9. Staff and technical consultants

See detail below:

Martin Burke	€	47,938.50
Brian Wickham	€	5,899.19
Juhani Maki-Hokkonen	€	10,718.13
Andie Dimitriadou	€	8,234.37
Cesare Mosconi	€	16,66.89
Elena Couto	€	15,810.47
Social Charges and severance fund	€	16,975.30
Staff insurance and benefits	€	9,787.15
TOTAL	€	132,032.00

10. EU Project SOLID

The expenses are referred to the EU SOLID project.