THE GLOBAL STANDARD FOR LIVESTOCK DATA

SERVICE-ICAR Srl
Rome (Italy) - Via Savoia 78, sc. A, int. 3
VAT Number IT 06753481008

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
For the period 1st January to 30th September 2017

NOTES – Balance Sheet

ASSETS

Current assets

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

2. **Trade receivable**
   Credit for invoices for services issued and outstanding.

3. **Other receivables**
   These are credits to be received from the Italian tax office for VAT.

4. **Prepayments**
   Payment for insurance made in advance.

Non current assets

5. **Fixed assets**
   Net book value of computers and furniture owned by the Association (cost less depreciation).

6. **Financial assets**
   This is the deposit with ExecutiveService for the renting of the offices.

EQUITY AND LIABILITIES

Liabilities

7. 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 shall be dispersed to the employees when they will leave the organization. Since January 2017 there are three full time staff.

8. Accounts payable

Amount to be paid to customers and consultants the following month but related to QTR3.

9. Deferred income

The total amount refers to income from two activities: ID and RD for which the related cost has not been yet paid. For information purposes, the backlog expenses are also reported below:

ID income backlog:	€97.322,00	expenses backlog:	€56.822,00
RD income backlog:	€122.170,00	expenses backlog:	€97.358,00

NOTES – Income Statement

REVENUES

1. **Sales income**

   This is the total amount received for services (detail in Appendix 1).

2. **Personnel services support**

   Total amount paid by ICAR to support the personnel costs for the technical and administrative services.

3. **Special projects**

   Residual amount received from the EU Solid Project finished in March 2016.

EXPENSES

4. **Employees and related expenses**

   Personnel cost including social charges (health, retirement, benefits, etc.).

5. **Travel**

   Cost for travel of office and Board.

6. **Office**

   Total cost to run the office including renting and server and IT support.

7. **Administrative services**

   Total cost for outsourcing services (accounting, legal, audit) including bank expenses and insurance.

8. **Contract services**

   Cost to suppliers for services (laboratories, auditors CoQ, printing labels, etc.). Detail in Appendix 1.

9. **Depreciation**

   Partial depreciation for 9 months.

10. **Special projects expenses**

    No costs for special projects.

11. **Other extraordinary income / (expense)**

    Breakdown:

    - Reimbursement from insurance for theft in the office: Euro 1.040,00
    - Reimbursement from SLU for EFFAB patent: Euro 1.738,00

12. Investment income / (expense)

Nil.

13. Taxes

Taxes due for registrations.

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Appendix 1

Breakdown activities QTR3 2017

	Labels	CoQ	ID	RSD	Milk PT	InterBeef	GenoEx	Total
Income	38.020	27.135	338.533	28.280	22.667	99.514	0	
Cost	9.299	6.024	175.471	21.962	14.385	102.200	0	
Actual Gross Margin	**28.721**	**21.111**	**163.062**	**6.318**	**8.282**	**-2.686**	**0**	**224.808**
2017 Budget Gross Margin	16.500	20.500	150.000	6.000	4.000	10.000	1.500	**208.500**