

**Report on limited statutory examination of financial statements to the General Assembly of
World Association of Kickboxing Organizations (WAKO), CH-6300 Zug**

As external independent auditor of WAKO statutes, we have examined the financial statements (balance sheet and income statement) of World Association of Kickboxing Organizations (WAKO) for the year ended 31 December, 2016.

These financial statements are the responsibility of the board of administration. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the association's articles of incorporation.

AudEx Ltd.

André Bolla

Licensed audit expert,
FAOA 104128

Auditor in Charge

Bern, June 23, 2017

Enclosures: Financial statements

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Financial statements

of

**World Association of Kickboxing
Organizations (WAKO)**

for the year

2016

BALANCE SHEET

ASSETS	Notes	31.12.2016	31.12.2016	31.12.2015	31.12.2015
		EUR	CHF	EUR	CHF
Cash and cash equivalents	1	131'552	141'024	100'393	109'167
Trade accounts receivable	2	11'328	12'144	6'480	7'046
Accrued income & Prepaid expenses	3	14'000	15'008	14'000	15'224
Total Current assets		156'880	168'175	120'873	131'437
Fixed assets	FA	1'560	1'672	2'600	2'827
Total Non-Current assets		1'560	1'672	2'600	2'827
TOTAL ASSETS		158'440	169'848	123'473	134'265

LIABILITIES AND ASSOCIATIONS EQUITY	Notes	31.12.2016	31.12.2016	31.12.2015	31.12.2015
		EUR	CHF	EUR	CHF
Trade accounts payable	4	38'717	41'504	53'462	58'134
Other shortterm payables	5	9'458	10'138	13'500	14'680
Accrued expenses & Deferred income	6	11'600	12'435	20'400	22'183
Total shortterm Liabilities		59'774	64'078	87'362	94'997
Profit carried forward	EQ	36'111	39'267	13'612	15'235
Profit for the year	EQ	62'554	66'502	22'499	24'032
Total Associations equity		98'666	105'770	36'111	39'267
TOTAL LIABILITIES AND ASSOCIATIONS EQUITY		158'440	169'848	123'473	134'265

INCOME STATEMENT

	Notes	2016 EUR	2016 CHF	2015 EUR	2015 CHF
Income from Sales and Services	A	498'107	542'982	463'991	495'595
Total Operating income		498'107	542'982	463'991	495'595
Direct costs	B	105'759	115'286	90'337	96'490
Personnel expenses	C	45'741	49'862	25'500	27'237
Other operating expenses	D	221'843	241'829	265'601	283'692
Advertising expenses	E	70'246	76'575	35'111	37'503
Depreciations	FA	1'040	1'115	1'700	1'849
Total Operating expenses		444'628	484'666	418'249	446'770
Operating result		53'479	58'315	45'742	48'825
Financial expenses	F	1'108	2'914	991	1'059
Financial income	G	0	0	1	33
Total Financial result		-1'108	-2'914	-991	-1'025
Ordinary result		52'371	55'401	44'751	47'799
Extraordinary expenses	H	709	773	9'000	9'613
Total Extraordinary result		-709	-773	-9'000	-9'613
Result before taxes		51'662	54'628	35'751	38'186
Taxes	I	-10'893	-11'874	13'252	14'155
Profit for the year		62'554	66'502	22'499	24'032

PROPOSAL FOR THE APPROPRIATION OF RETAINED EARNINGS

	31.12.2016	31.12.2016	31.12.2015	31.12.2015
	EUR	CHF	EUR	CHF
Decree to the general meeting:				
Profit for the year	62'554	66'502	22'499	24'032
Profit carried forward	36'111	39'267	13'612	15'235
Total	98'666	105'770	36'111	39'267

Proposal for appropriation of retained earnings:

Profit carried forward	98'666	105'770	36'111	39'267
Total	98'666	105'770	36'111	39'267

CHANGE IN ASSOCIATIONS EQUITY

Notes EQ

	Retained profit EUR	Retained profit CHF	Associations equity EUR	Associations equity CHF
Opening balance	36'111	39'267	36'111	39'267
Profit for the year	62'554	66'502	62'554	66'502
Closing balance	98'666	105'770	98'666	105'770

DEVELOPMENT OF THE FIXED ASSETS

Notes FA

	Office machines EUR	Office machines CHF	Total EUR	Total CHF
Opening Balance	10'659	11'427	10'659	11'427
Increase	0	0	0	0
Decrease	0	0	0	0
Closing Balance	10'659	11'427	10'659	11'427

Depreciation / Value adjustment

	Office machines EUR	Office machines CHF	Total EUR	Total CHF
Value adjustment of the previous year	8'059	8'639	8'059	8'639
Increase	1'040	1'115	1'040	1'115
Decrease	0	0	0	0
Closing Balance	9'099	9'754	9'099	9'754

Book value end of the year	1'560	1'672	1'560	1'672
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General information

World Association of Kickboxing Organizations (WAKO), Zug, is listed in the register of companies in the canton of Zug with the number CHE-304.811.134

Applied auditing principles unless required by law

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and financial reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

The financial statements require estimates and judgments by the Board of directors, the height of the reported assets and liabilities, contingent liabilities at the time of accounting, as well as income and expenses during the reporting period can influence this statement.

The Board of directors decides on its own discretion for the use of existing statutory valuation and the accounting range. For the benefit of the society can be built depreciations, also value adjustments and provisions for business management can be extended in terms of the principle of prudence.

Valuation principles

The applied accounting policies for the financial statements satisfies the requirements of Swiss accounting law.

The main financial statements items are accounted as below:

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, postal and bank accounts as well as sight deposits and deposits with a remaining maturity of 90 days. These are stated at nominal value.

Trade accounts receivable

Trade accounts receivable are stated at their nominal value.

Accrued income & Prepaid expenses

Accrued income and Prepaid expenses are stated at their nominal value.

Fixed assets

The evaluation of the fixed assets results of the acquisition and production costs less the required depreciations. The depreciations shall be conducted appropriate the guidelines of the Eidg. Steuerverwaltung in a declining method:

	Depreciation	Useful life
Office machines	40%	3-4 years

NOTES

Impairment

On each balance date are all assets assessed whether there are indications of the carrying amount to exceed the recoverable amount. If an impairment exists, the carrying amount has been reduced to the recoverable amount, the impairment loss was charged to the result.

Trade accounts payable

Trade accounts payable are not interest bearing and stated at their nominal value.

Other shortterm payables

Other shortterm payables are stated at their nominal value.

Accrued expenses & Deferred income

Accrued expenses and Deferred income are stated at their nominal value.

Taxes

The taxes of the period are booked in the accruals and deferrals.

Off-balance business

Contingent liabilities and other non-balance sheet commitments on the balance date are evaluated and disclosed. If contingent liabilities and other off-balance sheet obligations lead to an outflow of funds without usable inflow and the outflow of funds is likely and could be estimated, a specific provision is recognized.

Bookkeeping

The books are held in EUR.

In the foreign currency translation period-end exchange rates are used for the balance sheet, while for the income statement annual average rates are used. The following exchange rates were used :

	Balance sheet	Income statement
Financial Year 2016, EUR to CHF	1.0720	1.0901
Financial Year 2015, EUR to CHF	1.0874	1.0681

NOTES

	31.12.2016	31.12.2016	31.12.2015	31.12.2015
	EUR	CHF	EUR	CHF
Notes to the financial statements				
1 Cash and cash equivalents				
Cash	1'242	1'331	0	0
acrevis Bank, CHF	15	16	-1	-2
acrevis Bank, EUR	130'223	139'599	100'325	109'093
acrevis Bank, USD	72	77	70	76
Total	131'552	141'024	100'393	109'167
2 Trade accounts receivable				
Trade accounts receivable	12'578	13'484	7'200	7'829
Value adjustment on Trade accounts receivable	-1'250	-1'340	-720	-783
Total	11'328	12'144	6'480	7'046
3 Accrued income & Prepaid expenses				
Rental, Domicile fees	1'500	1'608	1'500	1'631
Administrative expenses	12'500	13'400	12'500	13'593
Total	14'000	15'008	14'000	15'224
4 Trade accounts payable				
Trade accounts payable	38'717	41'504	53'462	58'134
Total	38'717	41'504	53'462	58'134
5 Other shortterm payables				
Tax at source	9'458	10'138	13'500	14'680
Total	9'458	10'138	13'500	14'680
6 Accrued expenses & Deferred income				
Administrative expenses	0	0	0	0
Bookkeeping and Auditing	9'000	9'648	11'000	11'961
Taxes	0	0	5'600	6'089
Prepaid Fees	2'600	2'787	3'800	4'132
Total	11'600	12'435	20'400	22'183

NOTES

	2016	2016	2015	2015
	EUR	CHF	EUR	CHF
A Income from Sales and Services				
Advertising	21'751	23'711	43'722	46'700
Entry fees	153'890	167'754	148'170	158'263
Bid fees	18'000	19'622	0	0
Yearly fees	94'596	103'118	99'519	106'298
International Open Tournaments	117'500	128'086	115'500	123'367
Contracts / Sponsoring	107'000	116'640	75'000	80'109
Commission on Sponsorship agreements	-17'100	-18'641	-18'000	-19'226
Penalties	3'000	3'270	-3'000	-3'204
Value adjustment on Trade accounts receivable	-530	-578	3'080	3'290
Total	498'107	542'982	463'991	495'595
B Direct costs				
Contribution WAKO Europe	58'888	64'194	41'702	44'543
Contribution WAKO International	0	0	13'273	14'177
Anti-Doping agency	30'563	33'316	23'706	25'321
Articles for members	16'307	17'776	11'656	12'450
Total	105'759	115'286	90'337	96'490
C Personnel expenses				
President remuneration / Board of directors	36'000	39'243	21'000	22'430
Other contributions	9'741	10'618	4'500	4'807
Total	45'741	49'862	25'500	27'237
D Other operating expenses				
Rental, Domicile fees	6'569	7'161	2'998	3'202
Administrative expenses	105'016	114'477	118'159	126'208
Office equipment	1'204	1'312	2'146	2'292
Bookkeeping and Auditing	9'504	10'360	14'744	15'748
Consulting, Legal consulting	19'227	20'959	46'328	49'483
Board and Staff expenses	72'560	79'097	74'894	79'995
IT Support	7'762	8'462	6'332	6'763
Total	221'843	241'829	265'601	283'692
E Advertising expenses				
Advertisement and Travel expenses	70'246	76'575	35'111	37'503
Total	70'246	76'575	35'111	37'503

NOTES

	2016	2016	2015	2015
	EUR	CHF	EUR	CHF
F Financial expenses				
Interest and charges	1'071	1'167	900	962
Currency translation	0	1'707	0	0
Exchange differences	37	40	91	97
Total	1'108	2'914	991	1'059
G Financial income				
Interest	0	0	1	1
Currency translation	0	0	0	33
Total	0	0	1	33
H Extraordinary expenses				
Tax at source	709	773	9'000	9'613
Total	709	773	9'000	9'613
I Taxes				
Taxes	-10'893	-11'874	13'252	14'155
Total	-10'893	-11'874	13'252	14'155

NOTES**Explanation of full-time employees on the annual average**

The number of full-time employees on an annual average did not exceed 10.

Events after the balance sheet date

There are no significant events after the balance sheet date, that could have influenced the present financial statements.