Boxing Marketing Arm SA, Lausanne

Report of the Statutory Auditor on the Limited Statutory Examination to the General Meeting of Shareholders

Financial Statements 30 June 2016
Report of the Statutory Auditor on the Limited Statutory Examination to the General Meeting of Shareholders of

Boxing Marketing Arm SA, Lausanne

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Boxing Marketing Arm SA for the year ended 30 June 2016.

These financial statements are the responsibility of the board of directors. 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 company’s articles of incorporation.

We draw attention to the fact that Boxing Marketing Arm SA is over-indebted as per art. 725 para. 2 CO. Due to the fact that creditors of the company subordinated their claims amounting to CHF 25’797’311 as at 30 June 2016, the board of directors has refrained from notifying the court.

Finally, we draw attention to the fact that the annual General Meeting of shareholders did not take place within six months after the balance sheet date as required by article 699 para. 2 CO. The financial statements for the year ended 31 December 2014 and for the period ended 30 June 2015 have not yet been approved by the General Meeting of shareholders, and we issue this report on the grounds that the financial statements mentioned will be approved.

KPMG SA

Pierre-Henri Pingeon
Licensed Audit Expert
Auditor in Charge

Stéphane Nusbaumer

Geneva, 13 April 2017

Enclosures:
- Financial statements (balance sheet, income statement and notes)
## Balance Sheet as of June 30, 2016

### Assets

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<td>CHF</td>
<td>CHF</td>
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**Current Assets**
- Cash and cash equivalents: 36'364 990'844
- Trade account receivables:
  - Receivables from third parties: 847'101 754'224
  - Receivable from shareholder - AIBA: 96'501 0
  - Receivables Valuation Adjustment: (463'492) (214'763)
- Other short-term receivables: 272'131 287'867
- Prepaid expenses and accrued income: 180'844 8'731

**Total Current Assets**: 969'448 1'826'902

**Non-Current Assets**
- Financial assets: 57'608 0
- Property, plant and equipment:
  - Furniture and Equipment: 3.1 27'845 30'363
  - IS (computers, softwares): 3.1 25'542 39'469
- Intangible assets:
  - UK Market: 1 1

**Total Non-Current Assets**: 110'996 69'834

**Total Assets**: 1'080'445 1'896'736

### Liabilities and Shareholder's Equity

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**Current Liabilities**
- Trade account payables:
  - Payables due to third parties: 201'770 958'158
- Other short-term liabilities: 83'128 95'881
- Accruals and deferred income: 549'439 680'617

**Total Current Liabilities**: 834'337 1'734'656

**Non-Current Liabilities**
- Loan from shareholder - AIBA (subordinated): 3'317'706 3'317'706
- Loan from related party - WSB (subordinated): 3'488'385 3'289'291
- Loan from third party - FCIT (subordinated): 3.3 18'991'220 15'000'000

**Total Non-Current Liabilities**: 25'797'311 21'606'997

**Total Liabilities**: 26'631'648 23'341'653

**Shareholder's Equity**
- Share capital: 100'000 100'000
- Reserves from capital contributions: 9'373'201 9'373'201
- Accumulated loss:
  - (30'918'118) (21'209'738)
- Result for the year:
  - (4'106'286) (9'708'380)

**Total Shareholder's Equity**: 3.4 (25'551'203) (21'444'917)

**Total Liabilities and Shareholder's Equity**: 1'080'445 1'896'736
# Statement of Income and Expenses

**For the Period Ended June 30, 2016**

<table>
<thead>
<tr>
<th>Notes</th>
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<tbody>
<tr>
<td><strong>INCOME</strong></td>
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<tr>
<td>Revenue from sale of goods and services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Media Rights</td>
<td>659'205</td>
<td>693'795</td>
</tr>
<tr>
<td>Competition Host Fees</td>
<td>796'198</td>
<td>0</td>
</tr>
<tr>
<td>Commissions on sales</td>
<td>441</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL NET REVENUES</strong></td>
<td><strong>1'455'844</strong></td>
<td><strong>693'795</strong></td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Expenses</td>
<td>(1'322'800)</td>
<td>(706'453)</td>
</tr>
<tr>
<td>HQ - Lausanne Office</td>
<td>(712'344)</td>
<td>(990'358)</td>
</tr>
<tr>
<td>Marketing expenses</td>
<td>(40'190)</td>
<td>(92'366)</td>
</tr>
<tr>
<td>License Fees AIBA</td>
<td>0</td>
<td>(2'272'500)</td>
</tr>
<tr>
<td>License Fees WSB</td>
<td>0</td>
<td>(1'150'200)</td>
</tr>
<tr>
<td>Communication expenses</td>
<td>(11'876)</td>
<td>(576'354)</td>
</tr>
<tr>
<td>TV Production expenses</td>
<td>(553'813)</td>
<td>(707'662)</td>
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<tr>
<td>Development expenses</td>
<td>0</td>
<td>(129'954)</td>
</tr>
<tr>
<td>Competition Expenses</td>
<td>(1'275'544)</td>
<td>(2'869'139)</td>
</tr>
<tr>
<td>Boxers expenses</td>
<td>(1'393'174)</td>
<td>(759'547)</td>
</tr>
<tr>
<td>Provision for doubtful receivables</td>
<td>(248'729)</td>
<td>(42'256)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(23'277)</td>
<td>(8'514)</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td><strong>(5'581'748)</strong></td>
<td><strong>(10'305'302)</strong></td>
</tr>
</tbody>
</table>

| | **Financial income** | **21'061** | **208** |
| | **Financial expenses** | **(18'989)** | **(5'630)** |
| | **Foreign Exchange Gain** | **156'223** | **126'595** |
| | **Foreign Exchange Loss** | **(131'620)** | **(108'457)** |
| | **Prior periods Expenses** | **(471'2)** | **(104'796)** |
| **TOTAL OTHER INCOME AND EXPENSES** | | **21'961** | **(92'081)** |

| | **RESULT BEFORE TAXES** | **(4'103'943)** | **(9'703'589)** |
| | **Taxes** | **(2'343)** | **(4'792)** |

| | **NET PROFIT (LOSS) FOR THE YEAR** | **(4'106'286)** | **(9'708'380)** |
| | Accumulated loss at beginning of year | **(30'918'118)** | **(21'209'738)** |
| | **Accumulated loss at end of year** | **(35'024'404)** | **(30'918'118)** |

Lausanne, 13 April 2017

BMA BOXING MARKETING ARM S.A.
BMA - Boxing Marketing Arm S.A.

Notes to the financial statements from 01 July 2015 to 30 June 2016

A. General information (CO 959c (1))

1. Details of the principles applied in the annual accounts where these are not specified by law (CO 959c (1) (1)

The annual accounts have been prepared based on the principles set out in the Swiss code of obligations (CO). The financial statements for the year ended 30 June 2016 have been prepared in accordance with the new provisions of the Swiss Law regarding accounting and financial reporting.

The company changed its financial year end to June in 2015 (short period of 6 months) to align the company’s year-end with other group entities. Therefore comparatives are not comparable

The accounting records of the BMA are maintained in Swiss Francs (CHF).

Assets and liabilities denominated in currencies other than Swiss Francs are recorded in the balance sheet based on exchange rates ruling at the year-end. Transactions denominated in currencies other than Swiss Francs are recorded at monthly average rates; all exchange losses and realized exchange gains are recognized as financial income or expense.

At June 30 2016, the period end exchange rate USD / CHF is 0.98976.
At June 30 2016, the period end exchange rate EUR / CHF is 1.09949.
At June 30 2016, the period end exchange rate GBP / CHF is 1.32714.

2. Going Concern

The over-indebtedness position of the Company is mainly a result of the start-up nature of the business and has been addressed by the Board as at 30 June 2016 (see note 3.5). BMA is still in a development phase which means the company is currently investing more than the revenues it is generating.

As of today, BMA’s activity is significantly reduced and this is expected to remain until the on-going discussion with potential investors are finalised (see note 6). BMA will not enter any new contracts and new commitments until the negotiation potential investors are finalised.

As a result of this and the subordination of debt (as described in note 3.5), the Board of Directors came to the conclusion that BMA will continue as a going concern over the next twelve months.

3. Information, breakdowns and explanations relating to items on the balance sheet and in the profit and loss account (CO 959c (1) (2))

Balance Sheet

3.1 Fixed assets

Fixed assets are recorded on the balance sheet at the acquisition value and depreciated on a straight line basis.

Useful life: Furniture and equipment 8 years
Useful life: IS, computer, hardware and software 3 years

3.2 Financial engagements / lease commitments

The office lease contract term for APB/BMA project is 31 March 2013, renewed each year at the same date. It was signed by AIBA as other entities were not registered at the time. Notice to the contract has been given for June 2015. A new contract has been signed in Pully from July 2015 and canceled for April 2016. There is no lease commitment since then.

3.3 FCIT Loan

This corresponds to an advance made by FCIT in previson of an investment to be completed in BMA. FCIT and BMA entered into a restated and amended subordination agreement with effect of December 31, 2014 whereby FCIT agreed to subordinate payment of its entire claim.
3.4 Shareholders equity
For the business year under review, the shareholders equity is negative and amount to negative CHF 25,551,203. BMA is still in a development phase which means that the company was currently investing more that the revenues generated (see also note 2).

The over-indebtedness was however covered by a subordination agreement entered by FCIT for an amount of CHF 18,991,220 (see note 3.3) and two subordination agreements entered into by related parties (AIBA and WSB) for a total amount of CHF 6,806,091 (total subordinated amount as of 30 June 2016: CHF25,797,311). The Board of Directors therefore refrained from notifying the court (art. 725 para. 2 Co)

Profits and loss

3.5 Revenue Recognition and related expenditure
Revenues and expenses related to BMA are recognized in the appropriate period.

Installments received in advance are stated on the liabilities side of the balance sheet under “Deferred income” while commissions and due expenses are on the assets side of the balance sheet under “Deferred expenses”.

B. Detailed information (CO 959c (2))

4. Business name, legal form and registered office (CO 959c (2) (1))
Boxing Marketing Arm SA, a stock corporation (société anonyme) with its registered office in Lausanne (Vaud, Switzerland).

5. Declaration as to whether the number of full-time positions on annual average is no more than 10, 50 or 250 (CO 959c (2) (2))
The annual average number of full-time positions for the business year under review does not exceed 10.

6. Significant events occurring after the balance sheet date (CO 959c (2) (13))

In November 28, 2014 AIBA signed a Share Transfer Agreement whereby it shall sell to First Commitment International Trade Co. Limited (FCIT) 35% of the shares in BMA for a consideration of CHF 35 million to be contributed to BMA for its development. Simultaneously, BMA signed a BMA China Agency Agreement relating to a license granted for the Great China Area to BMA China Holding Limited, a subsidiary of FCIT.

The deal contemplated in those agreement were not finalized nor completed. In particular, the sale and purchase of the 35% of shares in BMA were not completed nor the CHF 35 million invested in BMA.

Notwithstanding the foregoing, FCIT made several payments in anticipation of the completion of the deal, amounting in total to CHF 18.9 million.

AIBA, FCIT and BMA discussed about how to finalize and complete the above-mentioned investment. In the meantime, they agreed to considered the CHF 18.9 million investment as a loan granted by FCIT to BMA and to subordinate such loan pursuant to a subordination agreements dated December 31, 2014 and restated and amended as of June 30, 2015 and June 30, 2016. Within the framework of these discussions, AIBA and BMA agreed to grant to BMA China a temporary license to BMA China for the business period under review.

The parties are now in 2017 discussing about a way to address the past issues with an appropriate financial restructuring and the terms and conditions of a new investment by FCIT into BMA in order to ensure the business continuity of BMA.