World Series of Boxing 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

World Series of Boxing SA, Lausanne

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of World Series of Boxing 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 the annual General Meeting of shareholders did not take place within six months after the balance sheet date as required by article 699 al. 2 of the CO. The financial statements for the year ended 30 June 2015 have not yet been approved by the General Meeting of shareholders, and we issue this report on the grounds that they 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)
- Proposed appropriation of available earnings
**WORLD SERIES OF BOXING SA**

**BALANCE SHEET**
**AS OF JUNE 30, 2016**

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>ORIES</td>
<td>CHF</td>
<td>CHF</td>
</tr>
</tbody>
</table>

**ASSETS**

**CURRENT ASSETS**
- Cash and cash equivalents: 15'162 581'412
- Trade account receivables:
  - Receivables from third parties: 2'749'706 1'714'239
  - Receivable from shareholder - AIBA: 3'488'385 4'300'207
  - Receivables Valuation Adjustment: (2'387'659) (1'102'424)
- Other short-term receivables: 1'279'569 1'004'913
- Prepaid expenses and accrued income: 1'109 945

**TOTAL CURRENT ASSETS**: 5'146'272 6'499'293

**NON-CURRENT ASSETS**
- Financial Assets:
  - Loan to related group companies - WSB AO: 224'358 224'358
  - Subordinated loan to related group companies - BMA: 3'488'385 3'289'291
  - Provision on receivable Loans: (3'712'743) (3'513'649)
- Investments:
  - Investment in WSB AO: 0 0
- Property, plant and equipment:
  - Furniture and equipment: 2.1 43'919 62'196
  - IS (computers, softwares): 2.1 13'412 8'033

**TOTAL NON-CURRENT ASSETS**: 57'331 70'230

**TOTAL ASSETS**: 5'203'603 6'569'523

**LIABILITIES AND SHAREHOLDER’S EQUITY**

**CURRENT LIABILITIES**
- Trade account payables:
  - Payables due to third parties: 565'696 947'194
  - Payables due to shareholder - AIBA: 2'921'554 3'505'132
  - Payables due to related parties - WSB AO: 50'000 50'000
- Other short-term liabilities: 388'230 553'199
- Accruals and deferred income: 289'029 0

**TOTAL CURRENT LIABILITIES**: 4'214'508 5'055'526

**Loan due to shareholder - AIBA**: 2.3 0 538'619

**TOTAL NON-CURRENT LIABILITIES**: 0 538'619

**TOTAL LIABILITIES**: 4'214'508 5'594'145

**SHAREHOLDER’S EQUITY**
- Share capital: 300'000 300'000
- General Reserve: 26'104 26'104
- Accumulated Gain: 649'274 614'431
- Result for the year: 13'716 34'843

**TOTAL SHAREHOLDER’S EQUITY**: 989'094 975'378

**TOTAL LIABILITIES AND SHAREHOLDER’S EQUITY**: 5'203'603 6'569'523

Lausanne, 13 April 2017

World Series of Boxing SA
# WORLD SERIES OF BOXING SA

## STATEMENT OF INCOME AND EXPENSES

**FOR THE PERIOD ENDED JUNE 30, 2016**

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td></td>
<td>12 months</td>
<td>12 months</td>
</tr>
<tr>
<td><strong>NOTES</strong> CHF</td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td><strong>INCOME STATEMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from Sale of Goods and Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from affiliated company - BMA</td>
<td>0</td>
<td>1'197'000</td>
</tr>
<tr>
<td>Franchise fees</td>
<td>2'655'365</td>
<td>2'507'124</td>
</tr>
<tr>
<td>Finals Hosting fees</td>
<td>491'950</td>
<td>565'920</td>
</tr>
<tr>
<td>Income from affiliated company - AIBA</td>
<td>2.5</td>
<td>0</td>
</tr>
<tr>
<td>Other revenues</td>
<td>20'572</td>
<td>80'037</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING INCOME</strong></td>
<td>3'167'887</td>
<td>7'048'383</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expense related to affiliated company - AIBA</td>
<td>2.5</td>
<td>(456'783)</td>
</tr>
<tr>
<td>Communication expenses</td>
<td>(31'447)</td>
<td>(36'294)</td>
</tr>
<tr>
<td>Officials costs</td>
<td>(143'320)</td>
<td>(259'725)</td>
</tr>
<tr>
<td>Finals</td>
<td>(301'793)</td>
<td>(568'865)</td>
</tr>
<tr>
<td>Other Competition Expenses</td>
<td>(9'835)</td>
<td>(9'034)</td>
</tr>
<tr>
<td>Lausanne Office Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnal Expenses</td>
<td>(433'082)</td>
<td>(901'681)</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>(169'178)</td>
<td>(470'873)</td>
</tr>
<tr>
<td>Employees Travel Expenses</td>
<td>(518)</td>
<td>(10'133)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(24'301)</td>
<td>(4'659)</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>(1'570'256)</td>
<td>(2'261'263)</td>
</tr>
<tr>
<td><strong>OTHER INCOME AND EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial income</td>
<td>1'263</td>
<td>0</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>(3'522)</td>
<td>(8'055)</td>
</tr>
<tr>
<td>Foreign Exchange Gain</td>
<td>197'637</td>
<td>362'572</td>
</tr>
<tr>
<td>Foreign Exchange Loss</td>
<td>(271'078)</td>
<td>(433'031)</td>
</tr>
<tr>
<td>Extraordinary Income</td>
<td>46'945</td>
<td>55'175</td>
</tr>
<tr>
<td>Impairment on Receivables</td>
<td>(1'524'636)</td>
<td>(4'597'960)</td>
</tr>
<tr>
<td>Impairment on Investments</td>
<td>0</td>
<td>(50'000)</td>
</tr>
<tr>
<td><strong>TOTAL OTHER INCOME AND EXPENSES</strong></td>
<td>(1'553'390)</td>
<td>(4'671'300)</td>
</tr>
<tr>
<td><strong>RESULT BEFORE TAXES</strong></td>
<td>44'240</td>
<td>115'820</td>
</tr>
<tr>
<td>Taxes</td>
<td>(30'524)</td>
<td>(80'977)</td>
</tr>
<tr>
<td><strong>NET RESULT for the year</strong></td>
<td>13'716</td>
<td>34'843</td>
</tr>
<tr>
<td>Accumulated Gain at beginning of year</td>
<td>649'274</td>
<td>614'431</td>
</tr>
<tr>
<td><strong>Accumulated Gain AT END OF YEAR</strong></td>
<td>662'990</td>
<td>649'274</td>
</tr>
</tbody>
</table>

Lausanne, 13 April 2017

World Series of Boxing SA
# Proposed Appropriation of Available Earnings

(\text{in Swiss Francs})

\begin{center}
\textbf{30.06.2015}
\end{center}

\begin{tabular}{|l|c|}
\hline
Retained earnings brought forward & 649'274 \\
Net profit for the year & 13'716 \\
\hline
\end{tabular}

\begin{center}
662'990
\end{center}

The Board of Directors proposes to the General Meeting of Shareholders the following appropriation of available earnings:

\begin{tabular}{|l|c|}
\hline
Transfer to the general reserve & 686 \\
To be carried forward & 662'305 \\
\hline
\end{tabular}

\begin{center}
662'990
\end{center}

Lausanne, 13 April 2017
WSB - WORLD SERIES OF BOXING 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 accounting records of the WSB SA 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 1.47369.

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

Balance Sheet

2.1 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

2.2 Financial engagements / lease commitments

The office lease contract term for WSB is 30 June 2016. This represents a total financial engagement of CHF 133'572.

2.3 Non-current liabilities

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>Loan due to shareholder - AIBA</td>
<td>0</td>
<td>538'619</td>
</tr>
</tbody>
</table>

AIBA granted a loan of CHF 500'000 to WSB at the start of its activity. The loan was fully repaid including interest in June 2016.

Profits and loss

2.4 Revenue Recognition and related expenditure

Revenues and expenses related to WSB are recognized in the appropriate period.

Instalments 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”.

2.5 Tax Ruling

In May 2009, the Tax Authorities of the Canton of Vaud agreed to tax WSB on a “cost + 5%” basis. In order to comply with such agreement, any WSB profit surplus is repaid to its shareholder AIBA, while company shortage is financed by AIBA. The net contribution paid for the financial period amounts to CHF 456,783 (2015: WSB received from AIBA CHF 2,698,302)
B. Detailed information (CO 959c (2))

3. Business name, legal form and registered office (CO 959c (2) (1))
WORLD SERIES OF BOXING SA, a stock corporation (société anonyme) with its registered office in Lausanne (Vaud, Switzerland).

4. 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.

5. Business name, legal form and registered office of undertakings in which direct or substantial indirect shareholdings are held, stating the share of the capital and votes held (CO 959c (2) (3))

Direct participations:
- 100% of the shares in WSB-AO, i.e. 100 shares of a nominal value of CHF 1,000. This investment has been fully depreciated.

WSB AO holds:
- 100% of the shares of WSB-WEST, INC., a corporation organized under the laws of the State of Delaware (USA) with its registered office in Lewes, Delaware, USA
- 100% of the shares of World Series of Boxing, Mexico, a corporation (sociedad anonima de capital variable) organized under the laws of Mexico with its registered office in Mexico City, Federal District, Mexico

6. Significant events occurring after the balance sheet date (CO 959c (2) (13))
No significant events