



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 2015



KPMG SA
Audit Western Switzerland
111 Rue de Lyon
CH-1203 Geneva

P.O. Box 347
CH-1211 Geneva 13

Telephone +41 58 249 25 15
Fax +41 58 249 25 13
Internet www.kpmg.ch

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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 2015.

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.

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)

WORLD SERIES OF BOXING SA

BALANCE SHEET AS OF JUNE 30, 2015

	NOTES	<u>Jun. 30, 2015</u> CHF	<u>Jun. 30, 2014</u> CHF
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents		581'412	22'593
Trade account receivables:			
- Receivables from third parties		1'714'239	2'699'997
- Receivables from shareholder - AIBA		4'300'207	0
- Receivables from related group companies - WSB-AO		0	162'481
- Receivables from related group companies - BMA		0	2'318'437
- Receivables Valuation Adjustment		(1'102'424)	(1'372'922)
Other short-term receivables		1'004'913	0
Prepaid expenses and accrued income		945	0
		<u>6'499'293</u>	<u>3'830'586</u>
TOTAL CURRENT ASSETS			
NON-CURRENT ASSETS			
Financial Assets			
- Loan to Algerian Franchise		0	350'000
- Loan to related group companies - WSB-AO		224'358	0
- Subordinated loan to related group companies - BMA		3'289'291	0
- Provison on Receivable Loans		(3'513'649)	0
Investments:			
- Investment in WSB-AO		0	50'000
Property, plant and equipment:			
- Furniture and equipment	2.1	62'196	63'843
- IS (computers, softwares)	2.1	8'033	11'046
		<u>70'230</u>	<u>474'889</u>
TOTAL NON-CURRENT ASSETS			
		<u>6'569'523</u>	<u>4'305'475</u>
TOTAL ASSETS			
LIABILITIES AND SHAREHOLDER'S EQUITY			
CURRENT LIABILITIES			
Trade account payables:			
- Payables due to third parties		947'194	565'365
- Payables due to shareholder - AIBA		3'505'132	1'858'940
- Payables due to related parties - WSB-AO		50'000	0
Other short-term liabilities		553'199	365'320
Accruals and deferred income		0	39'847
		<u>5'055'526</u>	<u>2'829'472</u>
TOTAL CURRENT LIABILITIES			
Loan due to shareholder - AIBA	2.3	538'619	535'467
		<u>538'619</u>	<u>535'467</u>
TOTAL NON-CURRENT LIABILITIES			
TOTAL LIABILITIES			
		<u>5'594'145</u>	<u>3'364'939</u>
SHAREHOLDER'S EQUITY			
Share capital		300'000	300'000
General Reserve		26'104	26'104
Accumulated Gain		614'431	495'972
Result for the year		34'843	118'461
		<u>975'378</u>	<u>940'537</u>
TOTAL SHAREHOLDER'S EQUITY			
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY			
		<u>6'569'523</u>	<u>4'305'475</u>

WORLD SERIES OF BOXING SA

**STATEMENT OF INCOME AND EXPENSES
FOR THE PERIOD ENDED JUNE 30, 2015**

		<u>Jul. 01 - Jun.30</u> 2014 - 2015	<u>Jul. 01 - Jun.30</u> 2013 - 2014
		12 months	12 months
	NOTES	CHF	CHF
INCOME STATEMENT			
Revenue from Sale of Goods and Services:			
Income from affiliated company - BMA		1'197'000	720'000
Franchise fees		2'507'124	2'305'692
Finals Hosting fees		565'920	535'620
Income from affiliated company - AIBA	2.5	2'698'302	0
Other revenues		80'037	89'390
		<u>7'048'383</u>	<u>3'650'702</u>
OPERATING EXPENSES			
Expense related to affiliated company - AIBA	2.5	0	(427'229)
Communication expenses		(36'294)	(81'536)
Officials costs		(259'725)	(166'736)
Meetings		0	(19'893)
Finals		(568'865)	(274'025)
Other Competition Expenses		(9'034)	(38'738)
Lausanne Office Expenses:			
Personnal Expenses		(901'681)	(923'851)
Office Expenses		(470'873)	(345'682)
Employees Travel Expenses		(10'133)	(125'583)
Depreciation		(4'659)	(19'556)
		<u>(2'261'263)</u>	<u>(2'422'829)</u>
OTHER INCOME AND EXPENSES			
Financial income		0	49
Financial expenses		(8'055)	(10'122)
Foreign Exchange Gain		362'572	53'326
Foreign Exchange Loss		(433'031)	0
Extraordinary Income		55'175	9'840
Extraordinary Expenses		0	(24'967)
Impairment on Receivables		(4'597'960)	(1'084'467)
Impairment on Investments		(50'000)	0
		<u>(4'671'300)</u>	<u>(1'056'341)</u>
RESULT BEFORE TAXES		<u>115'820</u>	<u>171'532</u>
Taxes		(80'977)	(53'071)
NET PROFIT		34'843	118'461
Accumulated Gain at beginning of year		614'433	495'972
Accumulated Gain AT END OF YEAR		<u><u>649'276</u></u>	<u><u>614'433</u></u>

WORLD SERIES OF BOXING S.A.

Proposed Appropriation of Available Earnings (in Swiss Francs)

30.06.2015

Retained earnings brought forward	614'431
Net profit for the year	<u>34'843</u>
	<u><u>649'274</u></u>

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

Transfer to the general reserve	1'742
To be carried forward	<u>647'532</u>
	<u><u>649'274</u></u>

Lausanne, 13 April 2017

WSB - WORLD SERIES OF BOXING S.A.

Notes to the financial statements from 01 July 2014 to 30 June 2015

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 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 2015, the period end exchange rate USD / CHF is 0.93667.

At June 30 2015, the period end exchange rate EUR / CHF is 1.04841.

At June 30 2015, 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

	2015	2014
	CHF	CHF
Loan due to shareholder - AIBA	538'619	535'467

AIBA granted a loan of CHF 500'000 to WSB at the start of its activity. The loan bears interests at LIBOR rate + 1%. The interest expenses of this loan have been added to the initial loan for a total of CHF 38'619.12 by June 30th, 2015. The loan was fully repaid

Profits and loss

2.4 Revenue Recognition and related expenditure

Revenues and expenses related to WSB 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".

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 received for the financial period amounts to CHF 2,698,302 (2014: WSB paid to AIBA CHF 427,229)

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