FAIRFAX INDIA HOLDINGS CORPORATION

Consolidated Financial Statements

For the period ended

December 31, 2014

March 25, 2015

Independent Auditor's Report

To the Board of Fairfax India Holdings Corporation

We have audited the accompanying consolidated financial statements of Fairfax India Holdings Corporation and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2014 and the consolidated statements of earnings, comprehensive income, shareholder's equity and cash flows for the period November 25, 2014 (date of incorporation) to December 31, 2014, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fairfax India Holdings Corporation and its subsidiaries as at December 31, 2014 and their financial performance and their cash flows for the period November 25, 2014 (date of incorporation) to December 31, 2014 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

FAIRFAX INDIA HOLDINGS CORPORATION

CONSOLIDATED BALANCE SHEET

as at December 31, 2014

	December 31, 2014
	(US$)
Assets	
Cash	234,732
Liabilities	
Payable to related party	234,722
Shareholder's Equity	
Multiple Voting Share — 1 share issued and outstanding	10
	234,732

See accompanying notes.

Signed on behalf of the Board

V. P. Watsa — Director

Alan Horn — Director

FAIRFAX INDIA HOLDINGS CORPORATION

CONSOLIDATED STATEMENT OF EARNINGS

For the period November 25, 2014 (date of incorporation) to December 31, 2014

	US$
Revenue	—
Expenses	—
Provision for income taxes	—
Net earnings	—

See accompanying notes.

FAIRFAX INDIA HOLDINGS CORPORATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period November 25, 2014 (date of incorporation) to December 31, 2014

	US$
Net earnings	—
Other comprehensive income, net of income taxes	—
Comprehensive income	—

See accompanying notes.

FAIRFAX INDIA HOLDINGS CORPORATION

CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY

For the period November 25, 2014 (date of incorporation) to December 31, 2014

	US$
Shareholder's Equity, beginning of period	—
Issuance of 1 Multiple Voting Share	10
Shareholder's Equity, end of period	10

See accompanying notes.

FAIRFAX INDIA HOLDINGS CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period November 25, 2014 (date of incorporation) to December 31, 2014

	US$
Financing activity	
Issuance of 1 Multiple Voting Share	10
Due to related party	244,722
Increase in cash	244,732
Cash, beginning of period	—
Cash, end of period	244,732

See accompanying notes.

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for the period ended November 25, 2014 (date of incorporation) to December 31, 2014
(in US$ except as otherwise indicated)

1. Business Operations

Fairfax India Holdings Corporation ("the company") is an investment holding company. Its investment objective is to achieve long-term capital appreciation, while preserving capital, by investing, either directly or through one of its wholly-owned subsidiaries, in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India ("Indian Investments"). Generally, subject to compliance with applicable law, Indian Investments will be made with a view to acquiring control or significant influence positions. As at December 31, 2014, the company had two subsidiaries, FIH Mauritius Investments Ltd ("MI Co") and FIH Private Investments Ltd ("MI Sub").

Fairfax Financial Holdings Limited ("Fairfax") has taken the initiative in creating the company and acts as the company's administrator. Fairfax is a financial services holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management. Fairfax has been listed on the Toronto Stock Exchange ("TSX") under the symbol "FFH" for over 25 years. Fairfax is currently the company's sole shareholder (see Subsequent Events note 6).

Hamblin Watsa Investment Counsel Ltd. (the "portfolio advisor"), a wholly-owned subsidiary of Fairfax and registered portfolio manager in the Province of Ontario, is the portfolio advisor of the company and its subsidiaries, responsible to source and advise with respect to all investments for the company and its subsidiaries.

The company is federally incorporated and domiciled in Ontario, Canada. The principal office of the company, Fairfax and the portfolio advisor is located at 95 Wellington Street West, Suite 800, Toronto, Ontario M5J 2N7.

2. Basis of Presentation

The consolidated financial statements of the company are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies used to prepare the consolidated financial statements comply with IFRS effective as at December 31, 2014 (except IFRS 9 (2010) *Financial Instruments* which was early adopted). Where IFRS does not contain clear guidance governing the accounting treatment of certain transactions, IFRS requires judgment in developing and applying an accounting policy, which may include reference to another comprehensive body of accounting principles. In these cases, the company considers the hierarchy of guidance in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The preparation of the company's consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, the reported amounts of revenue and expenses during the reporting periods covered by the consolidated financial statements and the related disclosures. Critical accounting estimates and judgments are described in note 4.

These consolidated financial statements were approved for issue by the company's Board of Directors on March 25, 2015.

3. Summary of Significant Accounting Policies

The principal accounting policies applied to the presentation of these consolidated financial statements and the methods of computation have been consistently applied to all periods presented unless otherwise stated, and are as set out below.

Principles of consolidation

The company's consolidated financial statements include the assets, liabilities, equity, revenue, expenses and cash flows of the company and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. The company controls an entity when it is exposed

to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Functional and presentation currency
The consolidated financial statements are presented in U.S. dollars which is the company's functional currency and the presentation currency (see Subsequent Events note 6).

Comprehensive income (loss)
Comprehensive income (loss) consists of net earnings (loss) and other comprehensive income (loss) and includes all changes in total equity during a period, except for those resulting from investments by owners and distributions to owners.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, demand deposits with banks and other short term highly liquid investments with maturities of three months or less when purchased. The carrying value of cash and cash equivalents approximates fair value.

Investments
Investments may include cash and cash equivalents, short term investments, non-derivative financial assets, derivatives, and real estate held for investment. Management determines the appropriate classification of investments in equity and debt instruments at their acquisition date.

Classification of non-derivative financial assets – Investments in equity instruments and those debt instruments that do not meet the criteria for amortized cost (see below) are classified at fair value through profit or loss ("FVTPL"). Financial assets classified at FVTPL are carried at fair value on the consolidated balance sheet with realized and unrealized gains and losses recorded in net gains (losses) on investments in the consolidated statement of earnings and as an operating activity in the consolidated statement of cash flows. Dividends and interest earned, net of interest incurred are included in the consolidated statement of earnings in interest and dividends and as an operating activity in the consolidated statement of cash flows. A debt instrument is measured at amortized cost if (i) the objective of the company's business model is to hold the instrument in order to collect contractual cash flows and (ii) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Alternatively, debt instruments that meet the criteria for amortized cost may be designated as at FVTPL on initial recognition if doing so eliminates or significantly reduces an accounting mismatch. The company's business model currently does not permit any of its investments in debt instruments to be measured at amortized cost. Investments in equity instruments that are not held for trading may be irrevocably designated at fair value through other comprehensive income ("FVTOCI") on initial recognition. The company has not designated any of its equity instruments at FVTOCI.

Recognition of financial assets – The company recognizes purchases and sales of financial assets on the trade date, which is the date on which the company commits to purchase or sell the asset. Transactions pending settlement are reflected on the consolidated balance sheet in other assets or in accounts payable and accrued liabilities. Transaction costs related to financial assets classified or designated as at FVTPL are expensed as incurred. A financial asset is derecognized when the rights to receive cash flows from the investment have expired or have been transferred and when the company has transferred substantially the risks and rewards of ownership of the asset.

Determination of fair value – Fair values for substantially all of the company's financial instruments are measured using market or income approaches. Considerable judgment may be required in interpreting market data used to develop estimates of fair value. Accordingly, actual values realized in future market transactions may differ from the estimates presented in these consolidated financial statements. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair values. The fair values of financial instruments are based on bid prices for financial assets and ask prices for financial liabilities. The company categorizes its fair value measurements according to a three level hierarchy described below:

Level 1 – Inputs represent unadjusted quoted prices for identical instruments exchanged in active markets.

Level 2 – Inputs include directly or indirectly observable inputs (other than Level 1 inputs) such as quoted prices for similar financial instruments exchanged in active markets, quoted prices for identical or similar financial instruments exchanged in inactive markets and other market observable inputs.

Level 3 – Inputs include unobservable inputs used in the measurement of financial instruments. Management is required to use its own assumptions regarding unobservable inputs as there is little, if any, market activity in these instruments or related observable inputs that can be corroborated at the measurement date.

Transfers between fair value hierarchy categories are considered effective from the beginning of the reporting period in which the transfer is identified.

Short term investments – Short term investments are investments with maturity dates between three months and twelve months when purchased. Short term investments are classified at amortized cost, which approximate fair value.

Accounts receivable and accounts payable
Accounts receivable and accounts payable are recognized initially at fair value. Due to their short-term nature, carrying value is considered to approximate fair value.

Net gain (loss) on investments
Realized and unrealized gains and losses arising on the disposition and re-measurement of investments at fair value, including foreign exchange gains and losses are included in net gain (loss) on investments in the consolidated statement of earnings.

Interest income and dividends
Interest income is recognized on an accrual basis using the effective interest method and includes bank interest and interest from investments in debt instruments. Dividends from investments are recognized when the company's right to receive payment is established.

Impairment of financial assets
For those financial assets not recorded at FVTPL, the company assesses at each reporting date whether there is objective evidence that a financial asset is impaired. If such evidence exists, the company recognizes an impairment loss.

For financial assets carried at amortized cost, the impairment loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument’s original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Income taxes
The provision for income taxes for the period comprises current and deferred income tax. Income taxes are recognized in the consolidated statement of earnings, except to the extent that they relate to items recognized in other comprehensive income or directly in equity. In those cases, the related taxes are also recognized in other comprehensive income or directly in equity, respectively.

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company’s subsidiaries, associates and joint ventures operate and generate taxable income.

Deferred income tax is calculated under the liability method whereby deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases at the current substantively enacted tax rates. With the exception of initial recognition of deferred income tax arising from business combinations, changes in deferred income tax associated with components of other comprehensive income are recognized directly in other comprehensive income while all other changes in deferred income tax are included in the provision for income taxes in the consolidated statement of earnings.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Carry forwards of unused losses or unused tax credits are tax effected and recognized as deferred tax assets when it is probable that future taxable profits will be available against which these losses or tax credits can be utilized.

Deferred income tax is not recognized on unremitted subsidiary earnings where the company has determined it is not probable those earnings will be repatriated in the foreseeable future.

Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and there is a legally enforceable right of offset.

Other assets

Premises and equipment – Premises and equipment is recorded at historical cost less accumulated amortization and any accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset. The company reviews premises and equipment for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount is determined as the higher of an asset's fair value less costs of disposal and value in use. If an asset is impaired, the carrying amount is reduced to the asset's recoverable amount with an offsetting charge recorded in the consolidated statement of earnings. The cost of premises and equipment is depreciated on a straight-line basis over the asset's estimated useful life. If events or changes in circumstances indicate that a previously recognized impairment loss has decreased or no longer exists, the reversal is recognized in the consolidated statement of earnings to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been had no impairment taken place.

Depreciation expense is recorded in operating expenses within the consolidated statement of earnings. All repairs and maintenance costs are charged to operating expenses in the period incurred. The cost of a major renovation is included in the carrying amount of the asset when it is probable that future economic benefits will flow to the company, and is depreciated over the remaining useful life of the asset.

Contingencies and commitments

A provision is recognized for a contingent liability, commitment or financial guarantee when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are discounted when the effect of the time value of money is considered significant.

Capital stock

The company's authorized share capital consists of an unlimited number of Multiple Voting Shares carrying fifty (50) votes per Multiple Voting Share, an unlimited number of Subordinate Voting Shares carrying one (1) vote per Subordinate Voting Share and an unlimited number of preference shares, issuable in series.

As at December 31, 2014 one Multiple Voting Share was issued and outstanding. No Subordinate Voting Shares or preference shares have been issued (see note 6 for changes subsequent to December 31, 2014).

Net earnings per share attributable to shareholders of Fairfax India

Net earnings (loss) per share – Basic net earnings (loss) per share is calculated by dividing the net earnings (loss) attributable to shareholders of the company by the weighted average number of subordinate and multiple voting shares issued and outstanding during the period.

New accounting pronouncements issued but not yet effective

The following new standards have been issued by the IASB and were not yet effective for the period ended December 31, 2014.

IFRS 9 Financial Instruments ("IFRS 9")

In July 2014 the IASB published the complete version of IFRS 9 which supersedes the 2010 version of IFRS 9 currently applied by the company. This complete version is effective for annual periods beginning on or after January 1, 2018, with retrospective application, and includes: requirements on the classification and measurement of financial assets and liabilities; an expected credit loss model that replaces the existing incurred loss impairment model; and new hedge accounting guidance. The company is currently evaluating the impact of the complete version of IFRS 9 on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

In May 2014 the IASB published IFRS 15 which introduces a single model for recognizing revenue from contracts with customers. IFRS 15 excludes financial instruments from its scope. The standard is effective for annual periods beginning on or after January 1, 2017, with retrospective application. The company is currently evaluating the impact of IFRS 15 on its consolidated financial statements.

IAS 24 Related Party Disclosures ("IAS 24")

Annual improvements to IAS 24, effective for the company beginning on or after January 1, 2015 clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The company is currently evaluating the impact of the amendment on its consolidated financial statements.

4. Critical Accounting Estimates and Judgments

In the preparation of the company's consolidated financial statements, management has made a number of estimates and judgments, the more critical of which are discussed below, with the exception of the determination of fair value for financial instruments, which is discussed in note 3. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Income taxes

The determination of the company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. Judgment is required in determining whether deferred income tax assets should be recognized on the consolidated balance sheets. Deferred income tax assets are recognized to the extent that the company believes it is probable that the assets can be recovered. Furthermore, deferred income tax balances are recorded using enacted or substantively enacted future income tax rates. Changes in enacted income tax rates are not within the control of management. However, any such changes in income tax rates may result in actual income tax amounts that may differ significantly from estimates recorded in deferred tax balances.

5. Related Party Transactions

The related party payable is in relation to funds borrowed prior to the period-end from Fairfax and its affiliates to fund start-up costs in MI Co and MI Sub. No interest is charged on this borrowing and it is repayable on demand.

Expenses of $2.7 million related to the IPO and private placements (excluding underwriters' fees) included costs of incorporating the company, legal and accounting fees, printing and preparing the prospectus, marketing and other expenses. These costs were borne by Fairfax and will become reimbursable in an event of a successful closing of an Initial Public Offering ("IPO").

6. Subsequent Events

Closing of the Initial Public Offering
Subsequent to December 31, 2014 the company completed an IPO of 50,000,000 Subordinate Voting Shares ("SVS") at a price of $10.00 per share for gross proceeds of $500 million. The IPO closed on January 30, 2015 and began trading on the Toronto Stock Exchange ("TSX"). Concurrent with the IPO, the company issued to Fairfax Financial and its affiliates 30,000,000 Multiple Voting Shares ("MVS") of the company on a private placement basis, for an aggregate purchase price of approximately $300 million. Also, concurrent with the closing of the IPO, the company issued 20,578,947 SVS, on a private placement basis, for an aggregate purchase price of approximately $200 million. The combined gross proceeds of the IPO and private placements were approximately $1 billion.

On February 10, 2015 a syndicate of underwriters exercised the IPO over-allotment option and the company issued an additional 6,099,932 SVS at a price of $10.00 per share for total gross proceeds of approximately $61 million. The exercise of the over-allotment option increased the combined total gross proceeds from the IPO and private placements to approximately $1.06 billion (net proceeds $1.02 billion). Subsequent to closing, the expenses of $2.7 million will become payable to Fairfax.

Investment Entity Status
In October 2012, the IASB amended IFRS 10 *Consolidated Financial Statements* to provide a limited scope exception to consolidating particular subsidiaries in investment entities ("the amendments"). The amendments define an "investment entity" and require that entities meeting this definition account for investments in subsidiaries (other than those that provide services to the company) at FVTPL rather than by consolidating them. The company will adopt these amendments and has determined that it is an investment entity.

In addition, in December 2014, the IASB issued a further amendment to clarify that only a subsidiary that is not an investment entity itself, and that provides support services to the investment entity, is consolidated. The amendment is applied retrospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The company will early adopt the amendment starting January 1, 2015 and determined that its subsidiaries, MI Co and MI Sub, do not qualify as investment entities as they were established to support the investment activities of the company. The company therefore will continue to consolidate both MI Co and MI Sub.

Other
The company has invested in permitted investments including securities rated by a Designated Rating Organization ("DRO") or a DRO subsidiary as investment grade or higher comprising of Government of India debt, debt of companies controlled by the Government of India with a AAA or equivalent rating and fixed income mutual funds offering daily redemption which are AAA or equivalent rated or whose investments are limited to Permitted Investments.

The company is reassessing its functional currency for the preparation of consolidated financial statements.

The company is relying on the start-up exception for the 2015 calendar year as promulgated in IRC Section 1298(b)(2) to defer any determination of whether the Company meets the definition of passive foreign investment company for U.S. tax purposes. The Company will continue to monitor its status under the passive foreign investment company rules through the 2017 calendar year as required under the start-up exception.