FAIRFAX INDIA
HOLDINGS CORPORATION

2

INTERIM REPORT

For the six months ended June 30, 2025

Consolidated Balance Sheets
as at June 30, 2025 and December 31, 2024
(unaudited - US$ thousands)

	Notes	June 30, 2025	December 31, 2024
Assets			
Cash and cash equivalents	6	20,216	59,322
Bonds	5, 6	110,134	180,507
Common stocks	5, 6	3,738,804	3,381,206
Total cash and investments		3,869,154	3,621,035
Interest and dividends receivable		3,173	8,849
Income taxes refundable		174	174
Other assets		582	722
Total assets		3,873,083	3,630,780
Liabilities			
Accounts payable and accrued liabilities		1,019	1,300
Accrued interest expense	7, 11	9,004	8,611
Income taxes payable		844	5,379
Payable to related parties	11	10,572	10,099
Payable for securities purchased	5	170,850	—
Deferred income taxes		163,039	149,780
Borrowings	7, 11	498,610	498,349
Total liabilities		853,938	673,518
Equity	8		
Common shareholders' equity		2,888,397	2,826,495
Non-controlling interests		130,748	130,767
Total equity		3,019,145	2,957,262
		3,873,083	3,630,780

See accompanying notes.

Consolidated Statements of Earnings (Loss)
for the three and six months ended June 30, 2025 and 2024
(unaudited - US$ thousands except per share amounts)

		Second quarter		First six months	
	Notes	**2025**	**2024**	**2025**	**2024**
Income					
Interest	6	1,814	4,730	5,010	9,768
Dividends	6	274	489	3,272	7,538
Net realized gains on investments	6	83	101,400	699	218,324
Net change in unrealized gains (losses) on investments	6	330,883	183,812	108,021	(227,115)
Net foreign exchange gains (losses)	6	(2,129)	364	1,116	(12)
		330,925	290,795	118,118	8,503
Expenses					
Investment and advisory fees	11	10,643	10,122	20,042	19,606
General and administration expenses	12	1,363	2,108	3,011	4,644
Interest expense	7	7,232	6,381	13,987	12,761
		19,238	18,611	37,040	37,011
Earnings (loss) before income taxes		311,687	272,184	81,078	(28,508)
Provision for income taxes	9	33,128	18,037	13,986	10,554
Net earnings (loss)		278,559	254,147	67,092	(39,062)
Attributable to:					
Shareholders of Fairfax India		278,113	254,142	66,889	(39,362)
Non-controlling interests		446	5	203	300
		278,559	254,147	67,092	(39,062)
Net earnings (loss) per basic and diluted share		$ 2.06	$ 1.88	$ 0.50	$ (0.29)
Shares outstanding (weighted average)		134,813,388	135,152,447	134,826,353	135,259,190

See accompanying notes.

Consolidated Statements of Comprehensive Income (Loss)
for the three and six months ended June 30, 2025 and 2024
(unaudited - US$ thousands)

	Second quarter		First six months	
	2025	**2024**	**2025**	**2024**
Net earnings (loss)	278,559	254,147	67,092	(39,062)
Other comprehensive loss, net of income taxes				
Item that may be subsequently reclassified to net earnings (loss)				
Unrealized foreign currency translation losses, net of income taxes of nil (2024 - nil)	(6,843)	(633)	(4,797)	(6,341)
Comprehensive income (loss)	271,716	253,514	62,295	(45,403)
Attributable to:				
Shareholders of Fairfax India	271,705	253,486	62,314	(45,440)
Non-controlling interests	11	28	(19)	37
	271,716	253,514	62,295	(45,403)

See accompanying notes.

Consolidated Statements of Changes in Equity

for the six months ended June 30, 2025 and 2024
(unaudited - US$ thousands)

	Subordinate voting shares	Multiple voting shares	Share-based payments, net	Retained earnings	Accumulated other comprehensive loss	Common shareholders' equity	Non-controlling interests	Total equity
Balance as of January 1, 2025	1,107,265	300,000	(986)	2,131,569	(711,353)	2,826,495	130,767	2,957,262
Net earnings for the period	—	—	—	66,889	—	66,889	203	67,092
Other comprehensive loss:								
Unrealized foreign currency translation losses	—	—	—	—	(4,575)	(4,575)	(222)	(4,797)
Purchases for cancellation (note 8)	(303)	—	—	(134)	—	(437)	—	(437)
Purchases and amortization	—	—	25	—	—	25	—	25
Balance as of June 30, 2025	1,106,962	300,000	(961)	2,198,324	(715,928)	2,888,397	130,748	3,019,145
Balance as of January 1, 2024	1,113,147	300,000	(364)	2,175,468	(629,533)	2,958,718	126,056	3,084,774
Net earnings (loss) for the period	—	—	—	(39,362)	—	(39,362)	300	(39,062)
Other comprehensive loss:								
Unrealized foreign currency translation losses	—	—	—	—	(6,078)	(6,078)	(263)	(6,341)
Purchases for cancellation (note 8)	(2,589)	—	—	(1,032)	—	(3,621)	—	(3,621)
Purchases and amortization	—	—	(573)	—	—	(573)	—	(573)
Other	—	—	—	(72)	—	(72)	—	(72)
Balance as of June 30, 2024	1,110,558	300,000	(937)	2,135,002	(635,611)	2,909,012	126,093	3,035,105

See accompanying notes.

Consolidated Statements of Cash Flows
for the three and six months ended June 30, 2025 and 2024
(unaudited - US$ thousands)

		Second quarter		First six months	
	Notes	**2025**	**2024**	**2025**	**2024**
Operating activities					
Net earnings (loss)		278,559	254,147	67,092	(39,062)
Items not affecting cash and cash equivalents:					
Net bond premium (discount) amortization		51	20	71	(363)
Deferred income taxes	9	33,252	12,715	13,462	4,615
Amortization of share-based payment awards		58	48	115	78
Net realized gains on investments	6	(83)	(101,400)	(699)	(218,324)
Net change in unrealized (gains) losses on investments	6	(330,883)	(183,812)	(108,021)	227,115
Net foreign exchange (gains) losses	6	2,129	(364)	(1,116)	12
Net sales of short term investments		—	—	—	510
Purchases of investments		—	(65,224)	(87,660)	(262,813)
Sales of investments		6,931	80,151	76,002	264,175
Changes in operating assets and liabilities:					
Interest and dividends receivable		1,918	1,920	5,639	(1,287)
Income taxes refundable		—	(1)	—	10
Accrued interest expense		6,268	6,250	393	—
Income taxes payable		(719)	5,093	(4,509)	5,199
Payable to related parties – settlement of performance fees	11	—	—	—	(110,158)
Payable to related parties – other		1,161	955	398	(1,184)
Other		1,714	1,072	1,734	1,205
Cash provided by (used in) operating activities		356	11,570	(37,099)	(130,272)
Financing activities					
Subordinate voting shares:					
Purchases for cancellation	8	(437)	—	(437)	(3,621)
Cash used in financing activities		(437)	—	(437)	(3,621)
Increase (decrease) in cash and cash equivalents		(81)	11,570	(37,536)	(133,893)
Cash and cash equivalents – beginning of period		21,616	29,410	59,322	174,615
Foreign currency translation		(1,319)	(551)	(1,570)	(293)
Cash and cash equivalents – end of period		20,216	40,429	20,216	40,429

See accompanying notes.

Index to Notes to Interim Consolidated Financial Statements

1. Business Operations

Fairfax India Holdings Corporation ("the company" or "Fairfax India") is an investment holding company whose objective is to achieve long term capital appreciation, while preserving capital, by investing 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"). The company makes all or substantially all of its investments either directly or through one of its wholly-owned consolidated subsidiaries based in Mauritius, FIH Mauritius Investments Ltd ("FIH Mauritius") and FIH Private Investments Ltd ("FIH Private"). In 2019 the company formed Anchorage Infrastructure Investments Holdings Limited ("Anchorage"), a consolidated subsidiary of FIH Mauritius based in India.

Fairfax Financial Holdings Limited ("Fairfax") is Fairfax India's ultimate parent and acts as its administrator. Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. 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 consolidated subsidiaries, responsible to source and advise with respect to all investments. Refer to note 11 for details on Fairfax's voting rights and equity interest in the company.

The company is federally incorporated and is 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 company's interim consolidated financial statements for the three and six months ended June 30, 2025 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in the annual consolidated financial statements prepared in accordance with IFRS Accounting Standards have been omitted or condensed. These interim consolidated financial statements should be read in conjunction with the company's annual consolidated financial statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS Accounting Standards.

These interim consolidated financial statements were approved for issue by the company's Board of Directors on July 31, 2025.

3. Summary of Material Accounting Policies

The principal accounting policies applied to the preparation of these interim consolidated financial statements are as set out in the company's annual consolidated financial statements for the year ended December 31, 2024, prepared in accordance with IFRS Accounting Standards. Those policies and methods of computation have been consistently applied to all periods presented.

The consolidated financial statements are presented in U.S. dollars while the Indian rupee is the functional currency of the company and its consolidated subsidiaries.

New accounting pronouncements issued but not yet effective

The new pronouncements, *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)* and *IFRS 18 Presentation and Disclosure in Financial Statements,* have been issued by the International Accounting Standard Board and are not yet effective for the fiscal year beginning January 1, 2025. The company does not expect to adopt the new pronouncements in advance of their effective dates and is currently evaluating their expected impacts on the company's consolidated financial statements. The standards are not expected to have a material impact on the company’s financial statements when adopted. Details of the new pronouncements are provided in the company's annual consolidated financial statements for the year ended December 31, 2024.

4. Critical Accounting Estimates and Judgments

In the preparation of the company's interim consolidated financial statements, management has made a number of critical estimates and judgments in determining the valuation of Private Indian Investments, the provision for income taxes and the consolidation of Anchorage in a manner consistent with those as described in the company's annual consolidated financial statements for the year ended December 31, 2024.

5. Indian Investments

Throughout the company's interim consolidated financial statements for the three and six months ended June 30, 2025, the term "Indian Investments" refers to deployed capital invested in Public and Private Indian Investments as disclosed within this note.

Summary of Changes in the Fair Value of the Company's Indian Investments

A summary of changes in the fair value of the company's Public and Private Indian Investments for the second quarter of 2025 is as follows:

	Second quarter				
	2025				
	Balance as of April 1	Sales	Net change in unrealized gains (losses) on investments [1]	Net unrealized foreign currency translation gains (losses)	Balance as of June 30
Public Indian Investments:					
Common stocks:					
IIFL Finance	246,587	—	110,204	(6)	356,785
IIFL Capital	215,286	—	129,173	433	344,892
CSB Bank	245,191	—	73,294	(481)	318,004
Fairchem Organics	73,904	—	11,372	(30)	85,246
5paisa	31,808	—	5,047	(25)	36,830
Total Public Indian Investments	812,776	—	329,090	(109)	1,141,757
Private Indian Investments:					
Common stocks:					
BIAL	1,886,994	—	6,292	(6,263)	1,887,023
Sanmar	182,342	—	(12,315)	(540)	169,487
Seven Islands	165,186	—	3,502	(656)	168,032
Maxop	98,783	—	353	(339)	98,797
Global Aluminium	81,371	—	708	(270)	81,809
Jaynix	78,698	—	1,050	(241)	79,507
Saurashtra	59,731	—	1,318	(225)	60,824
NCML	44,051	—	(162)	(147)	43,742
IH Fund	9,450	(1,635)	41	(30)	7,826
Other Indian Fixed Income	23,399	—	—	(78)	23,321
Total Private Indian Investments	2,630,005	(1,635)	787	(8,789)	2,620,368
Total Indian Investments	3,442,781	(1,635)	329,877	(8,898)	3,762,125

(1) All Private Indian Investments were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period.

A summary of changes in the fair value of the company's Public and Private Indian Investments for the second quarter of 2024 is as follows:

	Second quarter							
	2024							
	Balance as of April 1	Purchases	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments [1]	Net unrealized foreign currency translation gains (losses)	Balance as of June 30
Public Indian Investments:								
Common stocks:								
IIFL Finance [2]	234,187	33,089	—	—	—	133,575	(627)	400,224
CSB Bank [3]	345,290	—	(71,298)	—	43,001	(14,280)	(82)	302,631
IIFL Capital	124,827	—	—	—	—	88,621	(189)	213,259
Fairchem Organics	98,228	—	—	—	—	14,068	(19)	112,277
5paisa	46,534	—	—	—	—	837	(5)	47,366
Other	3,039	—	—	—	—	247	1	3,287
Derivatives:								
IIFL Finance forward derivative [2]	—	—	(8,210)	—	8,210	—	—	—
Total Public Indian Investments	852,105	33,089	(79,508)	—	51,211	223,068	(921)	1,079,044
Private Indian Investments:								
Common stocks:								
BIAL	1,599,973	—	—	—	—	41	297	1,600,311
Sanmar	271,849	—	—	—	—	(1,352)	(19)	270,478
Seven Islands	149,700	—	—	—	—	7,552	30	157,282
Maxop	56,766	—	—	—	—	127	11	56,904
Jaynix	51,754	—	—	—	—	3,494	9	55,257
Saurashtra	52,659	—	—	—	—	925	12	53,596
NCML	45,025	—	—	—	—	96	(4)	45,117
IH Fund	11,342	—	—	—	—	(199)	—	11,143
NSE	56,701	—	(56,683)	—	50,229	(50,345)	98	—
Other Indian Fixed Income	31,503	—	—	113	—	—	5	31,621
Total Private Indian Investments	2,327,272	—	(56,683)	113	50,229	(39,661)	439	2,281,709
Total Indian Investments	3,179,377	33,089	(136,191)	113	101,440	183,407	(482)	3,360,753

(1) All Private Indian Investments and remaining common shares of CSB Bank (subject to selling restrictions until August 7, 2024) were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period, with the exception of net change in unrealized losses of $50,345 related to the reversal of prior period unrealized gains upon the sale of NSE common shares. Net change in unrealized gains related to common shares of CSB Bank classified as Level 3 was $28,642.

(2) On May 17, 2024 in connection with a rights offering completed by IIFL Finance, the company acquired an additional 6,911,076 common shares of IIFL Finance with a fair value of $33,089 (representing IIFL Finance's market price on the date of acquisition) for cash consideration of $24,879 (2.1 billion Indian rupees) (based on the rights offering exercise price). As a result of the difference between market price and exercise price, the company recorded a gain on the IIFL Finance forward derivative of $8,210.

(3) On June 27, 2024 the company completed market sales of 16,868,645 common shares of CSB Bank for gross proceeds of $71,298 (6.0 billion Indian rupees), resulting in realized gains of $43,001. Net proceeds from the sale of CSB Bank common shares were received by the company on July 2, 2024.

A summary of changes in the fair value of the company's Public and Private Indian Investments for the first six months of 2025 is as follows:

	First six months							
	2025							
	Balance as of January 1	Purchases	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments [1]	Net unrealized foreign currency translation losses	Balance as of June 30
Public Indian Investments:								
Common stocks:								
IIFL Finance	311,401	—	—	—	—	45,740	(356)	356,785
IIFL Capital	322,990	—	—	—	—	22,368	(466)	344,892
CSB Bank	254,756	—	—	—	—	63,440	(192)	318,004
Fairchem Organics	102,234	—	—	—	—	(16,750)	(238)	85,246
5paisa	41,883	—	—	—	—	(4,963)	(90)	36,830
Total Public Indian Investments	1,033,264	—	—	—	—	109,835	(1,342)	1,141,757
Private Indian Investments:								
Common stocks:								
BIAL	1,631,988	255,000	—	—	—	130	(95)	1,887,023
Sanmar	201,446	—	—	—	—	(31,495)	(464)	169,487
Seven Islands	145,990	—	—	—	—	22,206	(164)	168,032
Maxop	97,176	—	—	—	—	1,780	(159)	98,797
Global Aluminium	81,237	—	—	—	—	708	(136)	81,809
Jaynix	81,577	—	—	—	—	(1,924)	(146)	79,507
Saurashtra	54,688	—	—	—	—	6,206	(70)	60,824
NCML	44,250	—	—	—	—	(431)	(77)	43,742
IH Fund	9,590	—	(1,720)	—	1	(29)	(16)	7,826
Other Indian Fixed Income	31,023	—	(7,547)	49	—	—	(204)	23,321
Total Private Indian Investments	2,378,965	255,000	(9,267)	49	1	(2,849)	(1,531)	2,620,368
Total Indian Investments	3,412,229	255,000	(9,267)	49	1	106,986	(2,873)	3,762,125

(1) All Private Indian Investments were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period.

A summary of changes in the fair value of the company's Public and Private Indian Investments for the first six months of 2024 is as follows:

	First six months							
	2024							
	Balance as of January 1	Purchases	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments (1)	Net unrealized foreign currency translation gains (losses)	Balance as of June 30
Public Indian Investments:								
Common stocks:								
IIFL Finance (2)	412,151	33,089	—	—	—	(44,217)	(799)	400,224
CSB Bank (3)	409,335	—	(71,298)	—	43,001	(77,670)	(737)	302,631
IIFL Capital	147,437	—	—	—	—	66,249	(427)	213,259
Fairchem Organics	102,998	—	—	—	—	9,512	(233)	112,277
5paisa	52,129	—	—	—	—	(4,663)	(100)	47,366
Other	2,751	—	—	—	—	542	(6)	3,287
Derivatives:								
IIFL Finance forward derivative (2)	—	—	(8,210)	—	8,210	—	—	—
Total Public Indian Investments	1,126,801	33,089	(79,508)	—	51,211	(50,247)	(2,302)	1,079,044
Private Indian Investments:								
Common stocks:								
BIAL	1,599,988	—	—	—	—	3,663	(3,340)	1,600,311
Sanmar	302,881	—	—	—	—	(31,829)	(574)	270,478
Seven Islands	142,839	—	—	—	—	14,767	(324)	157,282
Maxop	56,674	—	—	—	—	348	(118)	56,904
Jaynix	49,277	—	—	—	—	6,094	(114)	55,257
Saurashtra	50,551	—	—	—	—	3,157	(112)	53,596
NCML	50,327	—	—	—	—	(5,114)	(96)	45,117
IH Fund	13,090	—	(884)	—	—	(1,040)	(23)	11,143
NSE	188,615	—	(188,948)	—	167,335	(167,222)	220	—
Other Indian Fixed Income	31,469	—	—	218	—	—	(66)	31,621
Total Private Indian Investments	2,485,711	—	(189,832)	218	167,335	(177,176)	(4,547)	2,281,709
Total Indian Investments	3,612,512	33,089	(269,340)	218	218,546	(227,423)	(6,849)	3,360,753

(1) All Private Indian Investments and remaining common shares of CSB Bank (subject to selling restrictions until August 7, 2024) were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period, with the exception of net change in unrealized losses of $167,222 related to the reversal of prior period unrealized gains upon the sale of NSE common shares. Net change in unrealized losses related to common shares of CSB Bank classified as Level 3 was $21,331.

(2) On May 17, 2024 in connection with a rights offering completed by IIFL Finance, the company acquired an additional 6,911,076 common shares of IIFL Finance with a fair value of $33,089 (representing IIFL Finance's market price on the date of acquisition) for cash consideration of $24,879 (2.1 billion Indian rupees) (based on the rights offering exercise price). As a result of the difference between market price and exercise price, the company recorded a gain on the IIFL Finance forward derivative of $8,210.

(3) On June 27, 2024 the company completed market sales of 16,868,645 common shares of CSB Bank for gross proceeds of $71,298 (6.0 billion Indian rupees), resulting in realized gains of $43,001. Net proceeds from the sale of CSB Bank common shares were received by the company on July 2, 2024.

Public Indian Investments

The fair values of Fairfax India's Public Indian Investments, with shares listed on both the BSE (formerly known as Bombay Stock Exchange Limited) and the National Stock Exchange of India ("NSE of India"), are determined using the bid prices of those investments (without adjustments or discounts) at the balance sheet date.

The table below provides a summary of the company's Public Indian Investments at June 30, 2025 and December 31, 2024:

		June 30, 2025		December 31, 2024	
Public Indian Investments:	**Industry**	**Shares held**	**Ownership**	**Shares held**	**Ownership**
Common stocks:					
IIFL Finance Limited ("IIFL Finance")	Financial services	64,552,521	15.2 %	64,552,521	15.2 %
IIFL Capital Services Limited ("IIFL Capital") (formerly IIFL Securities Limited)	Financial services	84,641,445	27.3 %	84,641,445	27.3 %
CSB Bank Limited ("CSB Bank") (1)	Financial services	69,394,331	40.0 %	69,394,331	40.0 %
Fairchem Organics Limited ("Fairchem Organics")	Commercial and industrial	7,202,656	55.3 %	7,202,656	55.3 %
5paisa Capital Limited ("5paisa")	Financial services	7,670,130	24.6 %	7,670,130	24.6 %

(1) The company is subject to a dilution schedule from the Reserve Bank of India ("RBI"), requiring the company to bring down its shareholding in CSB Bank to 30.0% within 10 years and 26.0% within 15 years of the investment completion date of August 7, 2019.

The changes in fair value of the company's Public Indian Investments for the second quarters and first six months of 2025 and 2024 are presented in the tables disclosed earlier in note 5.

Private Indian Investments

The fair values of Fairfax India's Private Indian Investments cannot be derived from an active market and accordingly, are determined using industry accepted valuation techniques and models. Market observable inputs are used where possible, with unobservable inputs used where necessary. Use of unobservable inputs can involve significant judgment and may materially affect the reported fair value of these investments.

For all Private Indian Investment valuations prepared using a discounted cash flow analysis, discount rates were based on the company's assessment of risk premiums to the appropriate risk-free rate of the economic environment in which the Indian Investment operates. Long term growth rates were based on the expected long term sustainable growth rate of the economic environment and sectors in which the Indian Investment operates.

The changes in fair value of the company's Private Indian Investments for the second quarters and first six months of 2025 and 2024 are presented in the tables disclosed earlier in note 5.

Investment in Bangalore International Airport Limited

Bangalore International Airport Limited ("BIAL") is a private company located in Bengaluru, India. BIAL, under a concession agreement with the Government of India until the year 2068, has the exclusive rights to carry out the development, design, financing, construction, commissioning, maintenance, operation and management of the Kempegowda International Airport Bengaluru ("KIAB") through a public-private partnership. KIAB is the first greenfield airport in India built through a public-private partnership.

On February 20, 2025 the company, through FIH Mauritius, completed the acquisition of an additional 10.0% equity interest in BIAL ("Additional BIAL Investment") from Siemens Project Ventures GmbH ("Siemens") for a purchase price of $255,000 (22.1 billion Indian rupees). The Additional BIAL Investment implies a fair value for 100% of BIAL's equity value at $2,550,000, which is supported by the discounted cash flow analysis described below.

In accordance with the terms of the transaction, on the closing date, the company paid an initial installment of $84,150 and delivered a letter of credit in favour of Siemens, representing the deferred purchase price of $170,850. Refer to note 7 (Borrowings, under the heading Revolving Credit Facility) for further details. At June 30, 2025 the payable for securities purchased of $170,850 presented in the company's consolidated balance sheet reflects the second and third installments of $94,350 and $76,500 to be paid in the third quarters of 2025 and 2026, respectively.

At June 30, 2025 the company estimated the fair value of its investment in BIAL using a discounted cash flow analysis for its four business units based on multi-year free cash flow forecasts with assumed after-tax discount rates ranging from 13.1% to 17.8% and a long term growth rate of 3.5% (December 31, 2024 - 12.4% to 17.3%, and 3.5%, respectively). At June 30, 2025 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by BIAL's management in the third quarter of 2024 (December 31, 2024 - third quarter of 2024).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are future domestic and international passenger traffic, airport tariff assumptions for future control periods, completion of capital expansion projects and development of leasehold land. In the event that forecasted passenger traffic or expected airport tariff levels are not met in future periods, or if significant delays in construction and development activities occur, the fair value of the company's investment in BIAL may be negatively impacted.

Current Model Assumptions

There have been no changes in the first six months of 2025 to the free cash flow forecasts provided by BIAL's management in 2024.

At June 30, 2025 the company held a 74.0% equity interest in BIAL (December 31, 2024 - 64.0%) and its internal valuation model indicated that the fair value of the company's investment in BIAL was $1,887,023 (December 31, 2024 - $1,631,988), which approximates the equity valuation of BIAL implied by the Additional BIAL Investment discussed above.

At June 30, 2025 the company held 43.6% out of its 74.0% (December 31, 2024 - 43.6% out of its 64.0%) equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 69.0% (December 31, 2024 - 59.0%). Refer to note 8 (Total Equity, under the heading Non-controlling interests) for further discussion on Anchorage.

Investment in Sanmar Chemical Enterprises Limited

Sanmar Chemical Enterprises Limited ("Sanmar"), a private company located in Chennai, India, is one of the largest polyvinyl chloride ("PVC") manufacturers in India, operating in India and Egypt. Sanmar also manufactures caustic soda, calcium chloride, chloromethanes, refrigerant gases, industrial salt and specialty chemical intermediates.

Sanmar’s operating subsidiaries are principally comprised of TCI Sanmar Chemicals S.A.E. ("Sanmar Egypt") and Chemplast Sanmar Limited ("Chemplast"). At June 30, 2025 Sanmar held a 55.0% equity interest in Chemplast (December 31, 2024 - 55.0%), which is listed and actively traded on both the BSE and NSE of India.

At June 30, 2025 the company estimated the fair value of its investment in Sanmar using: (i) a discounted cash flow analysis for Sanmar Egypt, based on multi-year free cash flow forecasts with an assumed after-tax discount rate of 14.3% and a long term growth rate of 3.0% (December 31, 2024 - 11.3% and 3.0%, respectively); and (ii) the unadjusted bid price of Chemplast's common shares. At June 30, 2025 free cash flow forecasts were based on EBITDA estimates derived from financial information for Sanmar Egypt prepared by Sanmar's management in the second quarter of 2025 (December 31, 2024 - fourth quarter of 2024).

Free Cash Flow Forecast Inputs

The primary driver of free cash flow estimates is the future prices of petrochemical products. If the prices of petrochemical products do not develop favourably in future periods, the fair value of the company's investment in Sanmar may be negatively impacted.

Current Model Assumptions

Free cash flow forecasts for Sanmar Egypt were revised by Sanmar's management during 2025 primarily to reflect: (i) higher caustic soda prices combined with a sharper improvement in PVC prices as market conditions stabilize over the medium term; (ii) lower working capital requirements due to changes to supplier arrangements and new customer contracts resulting in extended credit terms and increased customer advances; and (iii) lower taxes paid over the forecast period based on availability of loss carryforwards from recent fiscal years. Revised forecasts also reflect the impact of additional equity to be infused into Sanmar Egypt by the end of 2025 as required by lenders to help satisfy debt servicing obligations.

The decrease to fair value during first six months of 2025 was partially attributed to an increase in Sanmar Egypt's net debt to support working capital requirements.

In March 2025 Sanmar carried out a series of transactions which involved the subscription of newly issued Sanmar equity shares by one of Sanmar's promoter affiliates, where proceeds were primarily used towards the settlement of debt due to other promoter affiliates. As a result of the share issuance, Fairfax India's equity interest in Sanmar was diluted from 42.9% to 39.3%.

At June 30, 2025 the portion of fair value derived from Sanmar’s equity interest in Chemplast was $174,316 (December 31, 2024 - $217,604). The fair value attributed to Chemplast was higher than the total fair value of Sanmar due to a low equity value attributable to Sanmar Egypt combined with the impact of net debt due to Sanmar's promoter affiliates.

At June 30, 2025 the company held a 39.3% equity interest in Sanmar (December 31, 2024 - 42.9%) and its internal valuation model indicated that the fair value of the company's investment in Sanmar was $169,487 (December 31, 2024 - $201,446).

Investment in Seven Islands Shipping Limited

Seven Islands Shipping Limited ("Seven Islands"), a private company located in Mumbai, India, is the second largest private sector tanker shipping company in India and transports liquid and gas cargo along the Indian coast as well as in international waters. Its vessels are Indian owned and primarily operate as Indian registered and flagged vessels. Seven Islands' subsidiary, Seven Islands Shipping International FZE ("SISIF"), is located in the United Arab Emirates and operates foreign-flagged vessels.

At June 30, 2025 the company estimated the fair value of its investment in Seven Islands using a discounted cash flow analysis based on multi-year free cash flow forecasts for its two business units with assumed after-tax discount rates ranging from 14.7% to 15.1% and long term growth rates ranging from 2.5% to 3.0% (December 31, 2024 - 14.7% to 16.2%, and 2.5% to 3.0%, respectively). At June 30, 2025 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Seven Islands' management in the first quarter of 2025 (December 31, 2024 - third quarter of 2024).

Free Cash Flow Forecast Inputs

The primary driver of free cash flow estimates is the vessel profile, including planned vessel acquisitions and charter rates.

Current Model Assumptions

Free cash flow forecasts were revised by Seven Islands' management during the first quarter of 2025 primarily to reflect: (i) lower capital expenditures due to changes in the vessel profile of acquisitions and dispositions; (ii) revised foreign exchange assumptions resulting in higher revenues in Indian rupee terms (charter rates are denominated in U.S. dollars); (iii) lower EBITDA margins for Seven Islands based on the revised vessel profile; and (iv) softening of charter rates in fiscal year 2025 for existing vessels at SISIF.

The increase in fair value during the first six months of 2025 was partially attributed to a decrease in Seven Islands' net debt as a result of strong operating results.

At June 30, 2025 the company held a 48.5% equity interest in Seven Islands (December 31, 2024 - 48.5%) and its internal valuation model indicated that the fair value of the company's investment in Seven Islands was $168,032 (December 31, 2024 - $145,990).

Investment in Maxop Engineering Company Private Limited

Maxop Engineering Company Private Limited ("Maxop"), a private company located in New Delhi, India, is a precision aluminum die casting and machining solution provider for customers in the automotive and industrial sectors.

At June 30, 2025 the company estimated the fair value of its investment in Maxop using a discounted cash flow analysis based on multi-year free cash flow forecasts for its two business units with assumed after-tax discount rates ranging from 14.3% to 16.8% and a long term growth rate of 4.0% (December 31, 2024 - 14.9% to 16.1%, and 4.0%, respectively). At June 30, 2025 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Maxop's management in the second quarter of 2025 (December 31, 2024 - fourth quarter of 2024). At June 30, 2025 the estimated fair value also incorporated value ascribed to leasehold land rights acquired by Maxop through a public bidding process during the first six months of 2025, and represents a portion of vacant leasehold land (based on the recent transaction price), which can be monetized for future developments.

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are manufacturing capacity and utilization based on customer demand.

Current Model Assumptions

Free cash flow forecasts were revised by Maxop's management during the second quarter of 2025 primarily to reflect: (i) lower export revenue derived from new customer business in consideration of heightened uncertainty in the automotive sector due to tariffs imposed by the U.S., partially offset by corresponding reduced capital expenditures related to capacity expansion; (ii) lower working capital requirements supported by improvements to the cash conversion cycle; and (iii) increased other capital expenditures related to process improvements over the medium term as market conditions stabilize.

At June 30, 2025 the company held a 67.0% equity interest in Maxop (December 31, 2024 - 67.0%), and its internal valuation model indicated that the fair value of the company's investment in Maxop was $98,797 (December 31, 2024 - $97,176).

Investment in Global Aluminium Private Limited

Global Aluminium Private Limited ("Global Aluminium"), a private company located in Hyderabad, India, is an aluminum extrusions manufacturer with in-house capabilities to produce anodized and powder-coated aluminum products.

On October 11, 2024 Fairfax India completed the acquisition of an effective 65.0% equity interest in Global Aluminium for $82,729 (7.0 billion Indian rupees). The transaction requires Global Aluminium to merge with its wholly-owned subsidiary, which is expected to be completed by the end of 2025.

At June 30, 2025 the company estimated the fair value of its investment in Global Aluminium using a discounted cash flow analysis based on multi-year free cash flow forecasts with an assumed after-tax discount rate of 14.1% and a long term growth rate of 3.5%. At June 30, 2025 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Global Aluminium's management in the second quarter of 2025. At December 31, 2024 the company determined that the transaction price of its investment in Global Aluminium approximated fair value as there were no significant changes to Global Aluminium's business, capital structure, or operating environment, and the key assumptions in the company's acquisition valuation model remained valid.

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are manufacturing capacity and utilization based on customer demand.

Current Model Assumptions

Free cash flows prepared by Global Aluminium's management in the second quarter of 2025 reflects average annual revenue growth of 17% over the forecast period, primarily driven by (i) growing domestic and international demand; (ii) new customer acquisitions; (iii) a focus on developing value-added products; and (iv) planned capacity expansions based on anticipated demand. Free cash flows also considered the impact of heightened uncertainty arising from tariffs imposed by the U.S. on international demand.

At June 30, 2025 the company held an effective 65.0% equity interest in Global Aluminium (December 31, 2024 - 65.0%) and its internal valuation model indicated that the fair value of the company's investment in Global Aluminium was $81,809 (December 31, 2024 - $81,237).

Investment in Jaynix Engineering Private Limited

Jaynix Engineering Private Limited ("Jaynix"), a private company based in Gujarat, India, is a manufacturer of non-ferrous electrical connectors and electrical assemblies, and is a critical Tier 1 supplier to major electrical original equipment manufacturers in North America and Europe.

At June 30, 2025 the company estimated the fair value of its investment in Jaynix using a discounted cash flow analysis based on multi-year free cash flow forecasts with an assumed after-tax discount rate of 23.0% and a long term growth rate of 1.5% (December 31, 2024 - 23.4% and 1.5% respectively). At June 30, 2025 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Jaynix's management in the second quarter of 2025 (December 31, 2024 - fourth quarter of 2024).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are manufacturing capacity and utilization based on customer demand.

Current Model Assumptions

Free cash flows were revised by Jaynix's management in the second quarter of 2025 primarily to reflect: (i) reduced business volumes in fiscal year 2026 due to heightened uncertainty arising from tariffs imposed by the U.S.; (ii) lower working capital requirements based on fiscal year 2025 actual results; (iii) lower capital expenditures on account of reduced demand; and (iv) incorporating higher growth expected for fiscal year 2031.

At June 30, 2025 the company held a 70.0% equity interest in Jaynix (December 31, 2024 - 70.0%), and its internal valuation model indicated that the fair value of the company's investment in Jaynix was $79,507 (December 31, 2024 - $81,577).

Investment in Saurashtra Freight Private Limited

Saurashtra Freight Private Limited ("Saurashtra"), a private company located in Mumbai, India, operates one of the largest container freight stations ("CFS") at Mundra port, in addition to a second CFS at the nearby Kandla port. Services provided by Saurashtra's CFS include transportation of containers to and from the port, stuffing and destuffing of containers, cargo storage, and the storage, maintenance and repair of empty containers. Saurashtra's subsidiary, Fairfreight Lines Private Limited ("Fairfreight Lines"), focuses on services for container shipping, offering integrated logistics solutions to its customers by providing containers to importers and exporters to transport cargo.

At June 30, 2025 the company estimated the fair value of its investment in Saurashtra using a discounted cash flow analysis based on multi-year free cash flow forecasts for its two business units with assumed after-tax discount rates ranging from 17.8% to 19.6% and long term growth rates ranging from 4.0% to 5.0% (December 31, 2024 - 17.5% to 18.6%, and 4.0% to 5.0%, respectively). At June 30, 2025 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Saurashtra's management in the first quarter of 2025 (December 31, 2024 - third quarter of 2024).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are the import and export handling capacity and utilization.

Current Model Assumptions

Free cash flow forecasts were revised by Saurashtra's management in the first quarter of 2025 primarily to reflect: (i) increased EBITDA over the forecast period at Fairfreight Lines attributable to higher margins achieved through cost optimization measures, partially offset by downward revisions to revenues to reflect the softening of ocean freight rates; and (ii) downward revisions to EBITDA over the forecast period at Kandla port CFS due to lower export utilization and lower import revenue per container unit.

At June 30, 2025 the company held a 51.0% equity interest in Saurashtra (December 31, 2024 - 51.0%), and its internal valuation model indicated that the fair value of the company's investment in Saurashtra was $60,824 (December 31, 2024 - $54,688).

Investment in National Commodities Management Services Limited

National Commodities Management Services Limited ("NCML"), a private company located in Gurugram, India, is an integrated agriculture value chain solutions provider, with services including grain procurement, storage and preservation, testing and certification, collateral management, and commodity and weather intelligence. NCML also operates silos constructed under concession agreements with the Food Corporation of India, and a non-banking financial company ("NBFC") which focuses on rural and agri-business financing.

NCML Common Shares

At June 30, 2025 the company estimated the fair value of its investment in NCML common shares using: (i) a discounted cash flow analysis based on multi-year free cash flow forecasts for two business units with assumed after-tax discount rates ranging from 12.6% to 15.0% and long term growth rates ranging from 2.4% to 5.0% (December 31, 2024 - 12.3% to 12.8%, and 2.4% to 5.0%, respectively); and (ii) an adjusted net book value approach for its NBFC business unit. At June 30, 2025 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by NCML's management in the second quarter of 2025 (December 31, 2024 - fourth quarter of 2024).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are warehouse and silo capacity and utilization.

Current Model Assumptions

Free cash flow forecasts were revised by NCML's management during the second quarter of 2025 primarily to reflect sharper revenue growth over the forecast period as market conditions stabilize, partially offset by downward revisions to fiscal year 2026 revenue primarily based on current warehouse capacities and composition of leased, owned and franchised warehouses. The current model assumptions also consider the impact of a longer timeframe for asset monetizations given delays experienced since fiscal year 2024.

At June 30, 2025 the company held a 91.0% equity interest in NCML (December 31, 2024 - 91.0%), and its internal valuation model indicated that the fair value of the company's equity investment in NCML was $43,742 (December 31, 2024 - $44,250).

NCML Non-convertible Debentures

In 2023 the company invested $24,013 (2.0 billion Indian rupees) in 9.47% unsecured non-convertible debentures ("NCML NCD"), due November 8, 2028.

At June 30, 2025 the company's interest and dividends receivable included a carrying value of $2,547 (December 31, 2024 - $2,212) related to interest accrued on the NCML NCD since January 1, 2024. To help alleviate NCML's liquidity challenges due to delays in asset monetizations, the company allowed NCML to defer interest payments on the NCML NCD due December 31, 2024 by up to 18 months.

At June 30, 2025 the fair value of the company's investment in the NCML NCD of $23,321 (including a deferred loss of $2,646) (December 31, 2024 - $23,361, including a deferred loss of $2,965) was based on a discounted cash flow analysis using an estimate of NCML's credit spread, and is presented within Other Indian Fixed Income in the tables disclosed earlier in note 5.

Investment in India Housing Fund

India Housing Fund ("IH Fund") is a closed-ended fund of 360 ONE Private Equity Fund registered as a Category II Alternative Investment Fund ("AIF") under the Securities and Exchange Board of India AIF Regulations. IH Fund is a fund incorporated to focus on investing in India's real estate sector by investing in equity, debt and equity-linked instruments of real estate and construction companies involved in projects or ventures with expected growth potential.

During the second quarter and first six months of 2025 the company received distributions of $1,635 and $1,720 (2024 - nil and $884) from IH Fund.

At June 30, 2025 the company estimated the fair value of its investment in IH Fund of $7,826 (December 31, 2024 - $9,590) based on the net asset value provided by the third party fund manager. The fair values of the underlying assets are determined using quoted prices for short term investments, and industry accepted valuation models for debt and equity instruments.

6. Cash and Investments

Fair Value Disclosures

The company's use of quoted market prices (Level 1), valuation models using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities by type of issuer was as follows:

	June 30, 2025					December 31, 2024				
	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value of assets	Total fair value of assets in Indian rupees (in millions)	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value of assets	Total fair value of assets in Indian rupees (in millions)
Cash and cash equivalents	20,216	—	—	20,216	1,734	59,322	—	—	59,322	5,079
Bonds:										
Government of India (1)	—	86,813	—	86,813	7,445	—	149,484	—	149,484	12,798
Other Indian Fixed Income (2)	—	—	23,321	23,321	2,000	—	—	31,023	31,023	2,656
	—	86,813	23,321	110,134	9,445	—	149,484	31,023	180,507	15,454
Common stocks:										
IIFL Finance	356,785	—	—	356,785	30,598	311,401	—	—	311,401	26,660
IIFL Capital	344,892	—	—	344,892	29,578	322,990	—	—	322,990	27,652
CSB Bank	318,004	—	—	318,004	27,272	254,756	—	—	254,756	21,811
Fairchem Organics	85,246	—	—	85,246	7,311	102,234	—	—	102,234	8,753
5paisa	36,830	—	—	36,830	3,159	41,883	—	—	41,883	3,586
BIAL	—	—	1,887,023	1,887,023	161,831	—	—	1,631,988	1,631,988	139,721
Sanmar (3)	—	—	169,487	169,487	14,535	—	—	201,446	201,446	17,247
Seven Islands	—	—	168,032	168,032	14,411	—	—	145,990	145,990	12,499
Maxop	—	—	98,797	98,797	8,473	—	—	97,176	97,176	8,319
Global Aluminium	—	—	81,809	81,809	7,016	—	—	81,237	81,237	6,955
Jaynix	—	—	79,507	79,507	6,818	—	—	81,577	81,577	6,984
Saurashtra	—	—	60,824	60,824	5,216	—	—	54,688	54,688	4,682
NCML	—	—	43,742	43,742	3,751	—	—	44,250	44,250	3,788
IH Fund	—	—	7,826	7,826	671	—	—	9,590	9,590	821
	1,141,757	—	2,597,047	3,738,804	320,640	1,033,264	—	2,347,942	3,381,206	289,478
Total cash and investments	1,161,973	86,813	2,620,368	3,869,154	331,819	1,092,586	149,484	2,378,965	3,621,035	310,011
	30.0 %	2.2 %	67.8 %	100.0 %	100.0 %	30.2 %	4.1 %	65.7 %	100.0 %	100.0 %

(1) *Priced based on information provided by independent pricing service providers at June 30, 2025 and December 31, 2024.*

(2) *At June 30, 2025, Other Indian Fixed Income included a deferred loss of $2,646 related to the NCML NCD (December 31, 2024 - $2,965).*

(3) *At June 30, 2025, the portion of fair value derived from Sanmar's equity interest in Chemplast was $174,316 (December 31, 2024 - $217,604). The fair value attributed to Chemplast was higher than the total fair value of Sanmar due to a low equity value attributable to Sanmar Egypt combined with the impact of net debt due to Sanmar's promoter affiliates.*

Transfers between fair value hierarchy levels are considered effective from the beginning of the annual reporting period in which the transfer is identified. During the first six months of 2025 and 2024 there were no transfers of financial instruments between fair value hierarchy levels.

A summary of changes in the fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy, denominated in the company's functional currency of the Indian rupee for the first six months of 2025 and 2024 is as follows:

	First six months						
	2025						
Indian rupees *(in millions)*	**Balance as of January 1**	**Purchases**	**Sales**	**Amortization**	**Net realized gains on investments**	**Net change in unrealized gains (losses) on investments**	**Balance as of June 30**
Common stocks:							
BIAL	139,721	22,099	—	—	—	11	161,831
Sanmar	17,247	—	—	—	—	(2,712)	14,535
Seven Islands	12,499	—	—	—	—	1,912	14,411
Maxop	8,319	—	—	—	—	154	8,473
Global Aluminium	6,955	—	—	—	—	61	7,016
Jaynix	6,984	—	—	—	—	(166)	6,818
Saurashtra	4,682	—	—	—	—	534	5,216
NCML	3,788	—	—	—	—	(37)	3,751
IH Fund	821	—	(148)	—	0	(2)	671
Other Indian Fixed Income	2,656	—	(660)	4	—	—	2,000
Total	203,672	22,099	(808)	4	0	(245)	224,722

	First six months					
	2024					
Indian rupees *(in millions)*	**Balance as of January 1**	**Sales**	**Amortization**	**Net realized gains on investments**	**Net change in unrealized gains (losses) on investments**	**Balance as of June 30**
Common stocks:						
BIAL	133,141	—	—	—	305	133,446
CSB Bank	27,011	—	—	—	(1,775)	25,236
Sanmar	25,204	—	—	—	(2,650)	22,554
Seven Islands	11,886	—	—	—	1,229	13,115
Maxop	4,716	—	—	—	29	4,745
Jaynix	4,101	—	—	—	507	4,608
Saurashtra	4,206	—	—	—	263	4,469
NCML	4,188	—	—	—	(426)	3,762
IH Fund	1,089	(74)	—	—	(86)	929
NSE	15,695	(15,726)	—	13,927	(13,896)	—
Other Indian Fixed Income	2,619	—	18	—	—	2,637
Total	233,856	(15,800)	18	13,927	(16,500)	215,501

The changes in fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy in the company's presentation currency of U.S. dollars are disclosed in note 5.

For all Indian Investments classified as Level 3 in the fair value hierarchy, net change in unrealized gains (losses) on investments related to investments held at the end of the reporting periods, except for the net change in unrealized losses of 13,896 million Indian rupees in the first six months of 2024 related to the reversal of prior period unrealized gains upon sales of NSE common shares.

The table that follows illustrates the potential impact on net earnings (loss) of various combinations of changes in unobservable inputs in the company's internal valuation models for its Indian Investments classified as Level 3 in the fair value hierarchy at June 30, 2025. The analysis assumes quarterly variations within a reasonably possible range determined by the company based on an analysis of the return on various equity indices, management's knowledge of the Indian equity markets and the potential impact of changes in interest rates. The change reflects the additional uncertainty in determining the discounted cash flows for assessing the fair values of Private Indian Investments. This sensitivity analysis excludes the company's investment in IH Fund, as the company determined that there were no significant unobservable inputs suited for a sensitivity analysis. Additionally, significant unobservable inputs pertaining to Other Indian Fixed Income relate to individual issuer credit spreads, where an increase (decrease) in credit spreads would generally result in a lower (higher) fair value of the underlying investment, as reflected in note 10 (Financial Risk Management, under the heading Interest Rate Risk).

Investments	Fair value of Level 3 investment	Valuation technique	Significant unobservable inputs	Significant unobservable inputs used in the internal valuation models	Hypothetical $ change effect on fair value measurement (1)	Hypothetical $ change effect on net earnings (1)(2)
Common stocks:						
BIAL	1,887,023	Discounted cash flow	After-tax discount rate	13.1% to 17.8%	(373,165) / 465,812	(323,721) / 404,092
			Long term growth rate	3.5%	31,482 / (29,882)	27,310 / (25,923)
Sanmar (3)	169,487	Discounted cash flow	After-tax discount rate	14.3%	(21,480) / 25,439	(18,634) / 22,068
			Long term growth rate	3.0%	3,503 / (3,351)	3,039 / (2,907)
Seven Islands	168,032	Discounted cash flow	After-tax discount rate	14.7% to 15.1%	(14,245) / 16,785	(12,358) / 14,561
			Long term growth rate	2.5% to 3.0%	2,640 / (2,533)	2,290 / (2,198)
Maxop	98,797	Discounted cash flow	After-tax discount rate	14.3% to 16.8%	(13,972) / 16,855	(12,121) / 14,622
			Long term growth rate	4.0%	2,580 / (2,464)	2,238 / (2,138)
Global Aluminium	81,809	Discounted cash flow	After-tax discount rate	14.1%	(8,948) / 10,850	(7,762) / 9,412
			Long term growth rate	3.5%	1,699 / (1,621)	1,474 / (1,406)
Jaynix	79,507	Discounted cash flow	After-tax discount rate	23.0%	(4,111) / 4,543	(3,566) / 3,941
			Long term growth rate	1.5%	441 / (432)	383 / (375)
Saurashtra	60,824	Discounted cash flow	After-tax discount rate	17.8% to 19.6%	(3,662) / 4,229	(3,177) / 3,669
			Long term growth rate	4.0% to 5.0%	582 / (561)	505 / (487)
NCML (4)	43,742	Discounted cash flow	After-tax discount rate	12.6% to 15.0%	(7,500) / 9,150	(6,507) / 7,938
			Long term growth rate	2.4% to 5.0%	1,058 / (1,007)	918 / (874)

(1) *The impact on the internal valuation models from changes in significant unobservable inputs deemed to be subject to the most judgment and estimates disclosed in the table above shows the hypothetical increase (decrease) in net earnings. Changes in the after-tax discount rates (100 basis points) and long term growth rates (25 basis points), each in isolation, would hypothetically change the fair value of the company's investments as noted in the table above. Generally, an increase (decrease) in long term growth rates, or a decrease (increase) in after-tax discount rates would result in a higher (lower) fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy. After-tax discount rates are subject to a mitigating factor: increases (decreases) in after-tax discount rates tend to be accompanied by increases (decreases) in free cash flows, and the resulting changes in the fair value of an investment may offset each other.*

(2) *For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.*

(3) *Significant unobservable inputs relate only to the Sanmar Egypt business unit as the Chemplast business unit is publicly traded and valued based on its unadjusted bid price. The hypothetical $ change effect from a 10% increase (decrease) in Chemplast's traded share price would be an increase (decrease) in the fair value of Sanmar of $17,432, and an increase (decrease) in net earnings of $15,122.*

(4) *The company determined that there were no significant unobservable inputs suited for a sensitivity analysis for NCML's NBFC business unit where an adjusted net book value approach was applied.*

Fixed Income Maturity Profile

Bonds are summarized by their earliest contractual maturity date in the table that follows. The decrease in bonds due in 1 year or less reflects the maturity of Other Indian Fixed Income. The decrease in bonds due after 1 year through 5 years primarily reflects the net sales of Government of India bonds to partially fund the Additional BIAL Investment. At June 30, 2025 and December 31, 2024 there were no bonds containing call or put features.

	June 30, 2025		December 31, 2024	
	Amortized cost	**Fair value**	**Amortized cost**	**Fair value**
Due in 1 year or less	—	—	7,662	7,662
Due after 1 year through 5 years	107,823	110,134	171,570	172,845
	107,823	110,134	179,232	180,507

Investment Income

An analysis of investment income for the three and six months ended June 30 is summarized in the table that follows:

Interest and dividends

	Second quarter		First six months	
	2025	2024	2025	2024
Interest:				
Cash and cash equivalents	221	485	630	1,005
Short term investments	—	—	—	353
Bonds	1,593	4,245	4,380	8,410
	1,814	4,730	5,010	9,768
Dividends: Common stocks	274	489	3,272	7,538

Net gains (losses) on investments and net foreign exchange gains (losses)

	Second quarter					
	2025			2024		
	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)	Net realized gains (losses)	Net change in unrealized gains	Net gains
Net gains (losses) on investments:						
Bonds	83	1,006	1,089	(40)	405	365
Common stocks	—	329,877 (1)	329,877	93,230 (1)	183,407 (1)	276,637
Derivatives	—	—	—	8,210 (1)	—	8,210
	83	330,883	330,966	101,400	183,812	285,212
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	89	—	89	44	—	44
Borrowings	—	(1,638)	(1,638)	—	92	92
Other	(580)	—	(580)	228	—	228
	(491)	(1,638)	(2,129)	272	92	364

(1) Refer to note 5 for a summary of changes in the fair value of the company's Public and Private Indian Investments during the second quarters of 2025 and 2024.

	First six months					
	2025			2024		
	Net realized gains	Net change in unrealized gains (losses)	Net gains (losses)	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)
Net gains (losses) on investments:						
Short term investments	—	—	—	15	—	15
Bonds	698	1,035	1,733	(237)	308	71
Common stocks	1 (1)	106,986 (1)	106,987	210,336 (1)	(227,423) (1)	(17,087)
Derivatives	—	—	—	8,210 (1)	—	8,210
	699	108,021	108,720	218,324	(227,115)	(8,791)
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	358	—	358	61	—	61
Borrowings	—	(806)	(806)	—	(1,045)	(1,045)
Other	1,564	—	1,564	972	—	972
	1,922	(806)	1,116	1,033	(1,045)	(12)

(1) Refer to note 5 for a summary of changes in the fair value of the company's Public and Private Indian Investments during the first six months of 2025 and 2024.

7. Borrowings

	June 30, 2025			December 31, 2024		
	Principal	Carrying value (1)	Fair value (2)	Principal	Carrying value (1)	Fair value (2)
Unsecured Senior Notes:						
5.0% Unsecured Senior Notes due February 26, 2028	500,000	498,610	469,800	500,000	498,349	469,100

(1) Principal net of unamortized issue costs.

(2) Fair value of the Unsecured Senior Notes at June 30, 2025 and December 31, 2024 was based principally on information provided by independent pricing service providers (Level 2 in the fair value hierarchy).

Unsecured Senior Notes

On February 26, 2021 the company completed an offering of $500,000 principal amount of 5.0% unsecured senior notes due February 26, 2028 ("Unsecured Senior Notes") at par, for net proceeds of $496,350 after commissions and expenses. Fairfax, through its subsidiaries, holds $58,400 of the $500,000 principal amount under the same terms as the other participants. Refer to note 11 for further details of amounts due to related parties.

Revolving Credit Facility

On December 17, 2021 the company entered into a $175,000 unsecured revolving credit facility ("Revolving Credit Facility") with a syndicate led by a Canadian bank. The Revolving Credit Facility had a three-year term with an option to extend for an additional year. On October 3, 2023 the company amended the Revolving Credit Facility to extend its maturity date to October 2, 2026, while maintaining the option to extend for an additional year.

On February 14, 2025 the company amended the Revolving Credit Facility to increase its limit from $175,000 to $250,000, including the use of letters of credit. The increased borrowing limit will reduce to $225,000 on October 1, 2025, and revert to $175,000 on October 1, 2026. All other terms of the Revolving Credit Facility, including the maturity and extension option, remained unchanged.

On February 20, 2025 the company delivered a letter of credit in favour of Siemens representing the deferred BIAL purchase price of $170,850. The letter of credit has an expiry date of September 30, 2026. Consistent with the reduction in borrowing limits, the letter of credit limit will be reduced after completion of each remaining installment payment related to the Additional BIAL Investment.

At June 30, 2025 the company had $170,850 (December 31, 2024 - nil) in letters of credit issued and outstanding, and an available limit of $79,150 (December 31, 2024 - $175,000) under the Revolving Credit Facility.

Interest Expense

In the second quarter and first six months of 2025, interest expense of $7,232 and $13,987 (2024 - $6,381 and $12,761) was comprised of stated interest on Unsecured Senior Notes of $6,250 and $12,500 (2024 - $6,250 and $12,500), letter of credit utilization fees of $851 and $1,226 (2024 - nil both periods), and amortization of issuance costs of $131 and $261 (2024 - $131 and $261). During the second quarter and first six months of 2025 the company paid interest of $833 and $13,333 (2024 - nil and $12,500) on its borrowings.

At June 30, 2025 the company recognized accrued interest expense of $9,004 (December 31, 2024 - $8,611) within the consolidated balance sheets.

8. Total Equity

Common shareholders' equity

Common Stock

The number of shares outstanding was as follows:

	First six months	
	2025	2024
Subordinate voting shares – January 1	104,839,462	105,398,509
Purchases for cancellation	(28,758)	(246,062)
Subordinate voting shares – June 30	104,810,704	105,152,447
Multiple voting shares – beginning and end of period	30,000,000	30,000,000
Common shares effectively outstanding – June 30	134,810,704	135,152,447

Purchase of Shares

The company has the ability to purchase for cancellation subordinate voting shares at prevailing market prices under the terms of its normal course issuer bid and in accordance with the rules and policies of the TSX. During the first six months of 2025, the company purchased for cancellation 28,758 subordinate voting shares (2024 - 246,062) for a net cost of $437 (2024 - $3,621), of which $134 was charged to retained earnings (2024 - $1,032).

In connection with the normal course issuer bid, the company also entered into an automatic share purchase plan with its designated broker to allow for the purchase of subordinate voting shares during times when the company normally would not be active in the market. Such purchases are determined by the broker in its sole discretion based on the parameters established by the company prior to commencement of the applicable trading black-out period.

Non-controlling interests

At June 30, 2025 the company held 43.6% out of its 74.0% (December 31, 2024 - 43.6% out of its 64.0%) equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 69.0% (December 31, 2024 - 59.0%).

Net earnings attributable to non-controlling interests of $446 and $203 during the second quarter and first six months of 2025 (2024 - $5 and $300) principally related to net unrealized gains on Anchorage's investment in BIAL.

The company shall use commercially reasonable efforts to list Anchorage by way of an IPO in India, subject to regulatory approvals and market conditions on or before September 2025. If the valuation of Anchorage upon closing of the IPO is below approximately $1.1 billion (at period end exchange rates) (91.6 billion Indian rupees), then OMERS' ownership in Anchorage will increase to a maximum of 15.0% and the company's ownership in Anchorage will decrease to a minimum of 85.0% (fully-diluted equity interest in BIAL will decrease from 69.0% at June 30, 2025 to a minimum of 67.5%). If Anchorage does not list by way of an IPO in India by September 2025, then OMERS' ownership in Anchorage will remain at 11.5%. The net assets of Anchorage at June 30, 2025 were $1,093,052 (93.7 billion Indian rupees).

9. Income Taxes

The company's provision for income taxes for the three and six months ended June 30 were comprised as follows:

	Second quarter		First six months	
	2025	**2024**	**2025**	**2024**
Current income tax:				
Current year expense	148	5,322	796	5,929
Adjustment to prior years' income taxes	(272)	—	(272)	10
	(124)	5,322	524	5,939
Deferred income tax:				
Origination and reversal of temporary differences	33,252	12,715	13,462	4,615
Provision for income taxes	33,128	18,037	13,986	10,554

On July 23, 2024 as part of its 2024-25 Union Budget, the Indian government announced several changes to capital gains tax rates for Indian residents and non-residents. The revised capital gains tax rates were substantively enacted during the third quarter of 2024 and effective from July 23, 2024. The capital gains tax rate for resident companies was lowered, resulting in a favourable impact for Anchorage and the capital gains tax rate was increased for non-resident or foreign companies, resulting in an unfavourable impact for FIH Mauritius and FIH Private.

The company recorded a provision for deferred income taxes of $33,252 and $13,462 in the second quarter and first six months of 2025 (2024 - $12,715 and $4,615) primarily attributable to net change in unrealized gains on the company's investments in equity shares acquired or spun out subsequent to April 1, 2017, and reflects the change in Indian capital gains tax rates effective July 23, 2024.

Reconciliation of the provision for (recovery of) income taxes calculated at the Canadian statutory income tax rate to the provision for income taxes at the effective tax rate for the three and six months ended June 30 are presented in the following table:

	Second quarter		First six months	
	2025	**2024**	**2025**	**2024**
Canadian statutory income tax rate	26.5 %	26.5 %	26.5 %	26.5 %
Provision for (recovery of) income taxes at the Canadian statutory income tax rate	82,597	72,128	21,486	(7,555)
Tax rate differential on (income earned) losses incurred outside of Canada	(55,072)	(57,701)	(18,656)	11,583
Provision (recovery) relating to prior years	(272)	—	(272)	10
Increase in unrecorded tax benefit of losses and temporary differences	9,105	3,049	14,385	4,514
Foreign exchange effect	(3,485)	552	(3,326)	1,991
Other including permanent differences	255	9	369	11
Provision for income taxes	33,128	18,037	13,986	10,554

The tax rate differential on income earned outside of Canada of $55,072 and $18,656 in the second quarter and first six months of 2025 (2024 - tax differential on income earned outside of Canada of $57,701 and tax differential on losses incurred outside of Canada of $11,583) principally reflected the impact of net investment gains taxed in Mauritius and India at lower rates compared to the Canadian statutory income tax rate.

At June 30, 2025 deferred tax assets of $133,627 in Canada and $15,622 in India (December 31, 2024 - $121,381 in Canada and $13,691 in India) were not recorded as it was considered not probable that those losses could be utilized by the company.

International Tax Reform – Mauritius Tax Developments

On July 21, 2025, the Mauritius government introduced the Finance Bill (2025) to provide for the implementation of certain measures announced in June 2025 as part of the Mauritius 2025-26 Budget. Among other measures, the Mauritius Finance Bill (2025) proposes to impose a qualified domestic minimum top-up tax ("QDMTT") on certain Mauritius entities which are members of large multinational enterprises. Although the QDMTT is intended to be effective for years of assessment beginning on or after July 1, 2025, the legislation has not yet been enacted. The company will continue to monitor for developments regarding the Mauritius Finance Bill (2025) in order to assess potential impacts, if any, of the QDMTT and other tax measures, on the company and its Mauritius subsidiaries.

10. Financial Risk Management

Overview

There were no significant changes to the types of the company's risk exposures or the processes used by the company for managing those risk exposures at June 30, 2025 compared to those identified and disclosed in the company's annual consolidated financial statements for the year ended December 31, 2024.

U.S. Tariffs Developments

The announced imposition of tariffs by the U.S. ("U.S. Tariffs") and retaliatory measures by other governments may cause multifaceted effects on the economy. Such tariffs include: (i) a baseline 10% universal tariff for all trading partners that became effective on April 5, 2025; (ii) a 50% tariff on steel and aluminum imports into the U.S. that became effective on June 4, 2025 (increased from 25% at March 12, 2025); and (iii) incremental country-specific tariffs which have been paused until August 1, 2025 for most countries, including India. The U.S. Tariffs and retaliatory measures by other governments may adversely impact the company and its Indian Investments' operations by causing supply chain disruptions, economic downturn, inflationary pressures, and uncertainty in the capital markets. The company continues to monitor and assess the direct and indirect impacts of these tariffs and potential retaliatory tariffs and other trade protectionist measures that may arise, on the company and its Indian Investments. In particular, the company's investments in Maxop, Jaynix and Global Aluminium operate in the aluminum product manufacturing sector and engage in exports to the U.S. While the company's Indian Investments have not experienced significant impact to their operations to date, investees' management are taking steps to mitigate any potential negative impact on their respective businesses. Given that developments are ongoing with respect to these tariffs and other measures, their impacts are uncertain.

Market Risk

Market risk, comprised of foreign currency risk, interest rate risk and other price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument or another asset or liability will fluctuate due to changes in foreign exchange rates and produce an adverse effect on net earnings and equity when measured in Indian rupees, the company's functional currency. There were no significant changes to the company's framework used to monitor, evaluate and manage foreign currency risk at June 30, 2025 compared to December 31, 2024.

Interest Rate Risk

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There were no significant changes to the company's framework used to monitor, evaluate and manage interest rate risk at June 30, 2025 compared to December 31, 2024.

The company's exposure to interest rate risk decreased in the first six months of 2025, principally reflecting the net sales of Government of India bonds to partially fund the Additional BIAL Investment. The table that follows displays the potential impact of changes in interest rates on the company's fixed income portfolio based on parallel 200 basis point shifts up and down, in 100 basis point increments, which the company believes to be reasonably possible in the current economic environment. This analysis was performed on each individual security, with the hypothetical effect on net earnings.

	June 30, 2025			December 31, 2024		
	Fair value of fixed income portfolio	**Hypothetical $ change effect on net earnings [(1)]**	**Hypothetical % change in fair value**	**Fair value of fixed income portfolio**	**Hypothetical $ change effect on net earnings [(1)]**	**Hypothetical % change in fair value**
Change in interest rates						
200 basis point increase	105,123	(3,836)	(4.5)%	171,973	(6,447)	(4.7)%
100 basis point increase	107,589	(1,949)	(2.3)%	176,171	(3,276)	(2.4)%
No change	110,134	—	—	180,507	—	—
100 basis point decrease	112,762	2,013	2.4 %	184,995	3,392	2.5 %
200 basis point decrease	115,476	4,091	4.9 %	189,635	6,900	5.1 %

(1) For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

Certain shortcomings are inherent in the method of analysis presented above. Computations of the prospective effects of hypothetical interest rate changes are based on numerous assumptions, including the maintenance of the level and composition of fixed income securities at the indicated date, and should not be relied on as indicative of future results. Actual values may differ from the projections presented should market conditions vary from assumptions used in the calculation of the fair value of individual securities; such variations include non-parallel shifts in the term structure of interest rates and a change in individual issuer credit spreads.

Market Price Fluctuations

Market price fluctuation is the risk that the fair value or future cash flows of an equity investment will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual investment or its issuer, or other factors affecting all similar investments in the market.

The company's exposure to market price risk increased to $3,738,804 at June 30, 2025 from $3,381,206 at December 31, 2024. Refer to note 6 for the potential impact on net earnings of various combinations of changes in significant unobservable inputs in the company's internal valuation models for the company's investments classified as Level 3 in the fair value hierarchy.

The company estimates the potential impact on net earnings from a 20% increase or decrease in the fair value of its Public Indian Investments at June 30, 2025 to be a hypothetical increase or decrease in net earnings of $198,095 (December 31, 2024 - increase or decrease in net earnings of $179,271). For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a counterparty to honour its financial obligations to the company, and arises predominantly from cash and cash equivalents and investments in debt instruments. There were no significant changes to the company's exposure to credit risk (except as set out in the discussion which follows) or the framework used to monitor, evaluate and manage credit risk at June 30, 2025 compared to December 31, 2024.

Cash and Cash Equivalents

At June 30, 2025 the company's cash and cash equivalents of $20,216 (December 31, 2024 - $59,322) were primarily held in major financial institutions.

Investments in Debt Instruments

At June 30, 2025 the company's debt instruments were all considered to be subject to credit risk with a fair value of $110,134 (December 31, 2024 - $180,507), representing 2.8% (December 31, 2024 - 5.0%) of the total cash and investments portfolio.

The composition of the company's fixed income portfolio is presented in the table below:

	June 30, 2025		December 31, 2024	
	Fair value	**Rating**	**Fair value**	**Rating**
Government of India bonds [(1)]	86,813	Baa3/BBB-	149,484	Baa3/BBB-
Other Indian Fixed Income	23,321	Not rated	31,023	Not rated
Total bonds	110,134		180,507	

(1) Rated Baa3 by Moody's and BBB- by S&P at June 30, 2025 and December 31, 2024.

The company's exposure to credit risk from its investments in fixed income securities decreased at June 30, 2025 compared to December 31, 2024, principally reflecting the net sales of Government of India bonds to partially fund the Additional BIAL Investment. Except as described above, there were no other significant changes to the composition of the company's fixed income portfolio classified according to each security's respective issuer credit rating at June 30, 2025 compared to December 31, 2024.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. There were no significant changes to the company's exposure to liquidity risk (except as set out in the discussion below) or the framework used to monitor, evaluate and manage liquidity risk at June 30, 2025 compared to December 31, 2024.

The undeployed cash and investments at June 30, 2025 provide adequate liquidity to meet the company's known significant commitments over the next twelve months, which are principally comprised of the second installment payment related to the Additional BIAL Investment, investment and advisory fees, interest expense, purchases of subordinate voting shares for cancellation under the company's automatic share purchase plan, and general and administration expenses.

At June 30, 2025 the company's payment obligations, which are due beyond one year, primarily relate to the recurring nature of expenses described above, a principal repayment on the Unsecured Senior Notes due in February 2028, which bear interest at a fixed rate of 5.0% per annum, payable in semi-annual installments, and the third installment payment related to the Additional BIAL Investment. In addition, under the Investment Advisory Agreement (defined in note 11), if a performance fee is payable for the fourth calculation period ending on December 31, 2026, the performance fee will be payable in cash, or at Fairfax's option, in subordinate voting shares.

The company has the ability to sell a portion of its Indian Investments to supplement its liquidity requirements, by way of private placements or in public markets for its Public Indian Investments, or through private sales or IPOs for its Private Indian Investments. At June 30, 2025, in addition to cash and cash equivalents of $20,216, the company held common shares of Public Indian Investments, which carry no selling restrictions, with a fair value of $1,141,757 and Government of India bonds with a fair value of $86,813. The company expects to continue to receive investment income on its holdings of fixed income securities and dividends from its equity investments to supplement its cash and cash equivalents. To further augment its liquidity, the company can draw upon its Revolving Credit Facility, which had an available limit of $79,150 at June 30, 2025. Accordingly, the company has adequate working capital to support its ongoing operations.

On February 14, 2025 the company amended the Revolving Credit Facility to increase its limit from $175,000 to $250,000, including the use of letters of credit. The amendments to the Revolving Credit Facility were intended to facilitate the issuance of a letter of credit to Siemens pursuant to the terms of the Additional BIAL Investment described in note 5, while ensuring the company maintains its liquidity for the period the letter of credit is outstanding. The increased borrowing limit and Siemens letter of credit will be reduced as remaining installment payments related to the Additional BIAL Investment are completed. Refer to note 7 (Borrowings) for further details on the amendments to the Revolving Credit Facility.

Concentration Risk

The company's cash and investments are primarily concentrated in India and in Indian businesses or businesses with customers, suppliers or business primarily conducted in, or dependent on, India. The market value of the company's investments, the income generated by the company and the company's performance will be particularly sensitive to changes in the economic condition, interest rates, and regulatory environment in India. Adverse changes to the economic condition, interest rates or regulatory environment in India may have a material adverse effect on the company's business, cash flows, financial condition and net earnings. At June 30, 2025 and December 31, 2024 the company's total cash and investments composition by the issuer's country of domicile was primarily India, and at June 30, 2025 represented 99.5% (December 31, 2024 - 98.5%) of the total cash and investments portfolio.

The company's holdings of Public and Private Indian Investments (see note 5) at June 30, 2025 and December 31, 2024 are summarized by the issuer's primary industry sector in the table below:

	June 30, 2025	December 31, 2024
Infrastructure	1,887,023	1,631,988
Financial services	1,064,337	948,282
Commercial and industrial	581,909	631,281
Ports and shipping	228,856	200,678
	3,762,125	3,412,229

The company's investment limit for an Indian Investment in accordance with the Investment Concentration Restriction (as defined in the company's annual consolidated financial statements for the year ended December 31, 2024) increased at June 30, 2025 from December 31, 2024 based on the change in its asset base. Indian Investments may be financed through equity or debt offerings as part of the company's objective to reduce its cost of capital and provide returns to common shareholder. On January 28, 2025 the company obtained shareholder approval for a one-time deviation from the Investment Concentration Restriction in order to complete the Additional BIAL Investment described in note 5. At June 30, 2025, taking into account the one-time deviation noted above, the company determined that it was in compliance with the Investment Concentration Restriction.

Capital Management

The company's objectives when managing capital are to protect its lenders, to safeguard its ability to continue as a going concern, and to maintain an optimal capital structure to reduce the cost of capital in order to optimize returns for common shareholders. The company will seek attractive risk-adjusted returns, but will at all times seek downside protection and attempt to minimize the loss of capital. Total capital (comprised of borrowings, common shareholders' equity and non-controlling interests) increased to $3,517,755 at June 30, 2025 from $3,455,611 at December 31, 2024, principally reflecting an increase in common shareholders' equity.

Common shareholders' equity increased to $2,888,397 at June 30, 2025 from $2,826,495 at December 31, 2024 primarily reflecting net earnings attributable to shareholders of $66,889, partially offset by unrealized foreign currency translation losses attributable to shareholders of $4,575 and purchases of subordinate voting shares for cancellation of $437 during the first six months of 2025. Non-controlling interests decreased slightly to $130,748 at June 30, 2025 from $130,767 at December 31, 2024. Refer to note 7 (Borrowings) for details on the company's borrowings.

11. Related Party Transactions

Payable to Related Parties

The company's payable to related parties (excluding amounts related to Unsecured Senior Notes discussed below) was comprised as follows:

	June 30, 2025	December 31, 2024
Investment and advisory fees	10,572	10,099
	10,572	10,099

Investment Advisory Agreement

The company and its subsidiaries have entered into an agreement with Fairfax and the Portfolio Advisor to provide administration and investment advisory services to the company and its subsidiaries (the "Investment Advisory Agreement"). As compensation for the provision of these services, the company and its subsidiaries pay an investment and advisory fee, and if applicable, a performance fee. Such fees are determined with reference to the company's common shareholders' equity.

Performance Fee

In March 2024 the company settled in cash, the performance fee payable of $110,158 due to Fairfax for the third calculation period (three-year period from January 1, 2021 to December 31, 2023).

The period from January 1, 2024 to December 31, 2026 (the "fourth calculation period") is the next consecutive three-year period for which a performance fee, if applicable, will be accrued. Under the Investment Advisory Agreement, if a performance fee is payable for the fourth calculation period ending on December 31, 2026, the performance fee will be payable in cash, or at Fairfax's option, in subordinate voting shares. The number of subordinate voting shares to be issued will be calculated based on the volume-weighted average trading price of the company's subordinate voting shares for the 10 trading days prior to and including the last day of the calculation period.

At June 30, 2025 and December 31, 2024 the company determined that no performance fee accrual was required related to the fourth calculation period. Accordingly, no performance fee was recorded in the consolidated statements of earnings (loss) in the second quarter and first six months of 2025 (2024 - nil both periods).

Investment and Advisory Fees

The investment and advisory fees recorded in the consolidated statements of earnings (loss) for the second quarter and first six months of 2025 were $10,643 and $20,042 (2024 - $10,122 and $19,606).

Unsecured Senior Notes

Fairfax, through its subsidiaries, holds $58,400 of the Unsecured Senior Notes under the same terms as the other participants. Amounts due to related parties related to the Unsecured Senior Notes were comprised as follows:

	June 30, 2025	December 31, 2024
Principal portion, presented within borrowings on the consolidated balance sheet	58,400	58,400
Interest portion, presented within accrued interest expense on the consolidated balance sheet	1,006	1,006
	59,406	59,406

Interest expense recorded in the consolidated statements of earnings (loss) for the second quarter and first six months of 2025 included $730 and $1,460 related to amounts due to related parties (2024 - $730 and $1,460). Refer to note 7 for further details on the Unsecured Senior Notes.

Fairfax's Voting Rights and Equity Interest

At June 30, 2025 Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares (December 31, 2024 - 30,000,000) and owned and/or exercised control or direction over 28,504,470 subordinate voting shares (December 31, 2024 - 28,504,470) of Fairfax India. At June 30, 2025 Fairfax's aggregate ownership, control and/or direction of the subordinate voting shares and multiple voting shares represented a 95.2% voting interest and a 43.4% equity interest (December 31, 2024 - 95.2% and 43.4%) in Fairfax India.

12. General and Administration Expenses

General and administration expenses for the three and six months ended June 30 were comprised as follows:

	Second quarter		First six months	
	2025	2024	2025	2024
Audit, legal, tax, and professional fees	193	539	775	1,102
Salaries and employee benefit expenses	519	247	1,023	707
Administrative expenses	411	463	862	841
Other [(1)]	240	859	351	1,994
	1,363	2,108	3,011	4,644

(1) Other expense decreased in the second quarter and first six months of 2025 primarily due to lower brokerage fees incurred.

Index to Management's Discussion and Analysis of Financial Condition and Results of Operations

(Figures and amounts are in US$ and $ thousands except share and per share amounts and as otherwise indicated. Figures may not add due to rounding.)

Notes to Management's Discussion and Analysis of Financial Condition and Results of Operations

(1) Readers of the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should review the notes to the interim consolidated financial statements for the three and six months ended June 30, 2025 and the company's 2024 Annual Report.

(2) Unless otherwise noted, consolidated financial information of the company within this MD&A is derived from the consolidated financial statements of the company prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*, and is presented in U.S. dollars with the Indian rupee as the functional currency of the company and its consolidated subsidiaries.

(3) Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included in this interim report, which have been used consistently and disclosed regularly in the company's Annual Reports and interim financial reporting, do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies. Please refer to the Glossary of Non-GAAP and Other Financial Measures located at the end of this MD&A for details of the company's measures.

Business Developments

Overview

Fairfax India Holdings Corporation's ("the company" or "Fairfax India") subordinate voting shares trade on the Toronto Stock Exchange ("TSX") under the symbol FIH.U. The multiple voting shares of the company are not publicly traded. Fairfax Financial Holdings Limited ("Fairfax") is Fairfax India's ultimate parent and acts as its administrator. Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. 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 consolidated subsidiaries, responsible to source and advise with respect to all investments.

Book Value per Share

Common shareholders' equity at June 30, 2025 was $2,888,397 (December 31, 2024 - $2,826,495). The book value per share at June 30, 2025 was $21.43 compared to $20.96 at December 31, 2024, representing an increase in the first six months of 2025 of 2.2%, principally reflecting net earnings attributable to shareholders of Fairfax India of $66,889 (primarily attributed to net change in unrealized gains on investments, partially offset by investment and advisory fees, interest expense, and a provision for income taxes), partially offset by unrealized foreign currency translation losses attributable to shareholders of $4,575.

	June 30, 2025	**December 31, 2024**
Common shareholders' equity	2,888,397	2,826,495
Number of common shares effectively outstanding	134,810,704	134,839,462
Book value per share	$21.43	$20.96

Capital Transactions

On February 20, 2025 the company, through FIH Mauritius, completed the acquisition of an additional 10.0% equity interest in BIAL ("Additional BIAL Investment") from Siemens Project Ventures GmbH ("Siemens") for a purchase price of $255,000 (22.1 billion Indian rupees). Refer to the Indian Investments section of this MD&A for further details on the Additional BIAL Investment.

In order to facilitate the issuance of a letter of credit to Siemens pursuant to the terms of the Additional BIAL Investment, the company amended its unsecured revolving credit facility ("Revolving Credit Facility") on February 14, 2025 to increase its limit from $175,000 to $250,000, including the use of letters of credit. On February 20, 2025 the company delivered a letter of credit in favour of Siemens representing the deferred BIAL purchase price of $170,850. Refer to note 7 (Borrowings) to the interim consolidated financial statements for further details on the terms of the Revolving Credit Facility and letter of credit.

Summary of Indian Investments

Throughout this MD&A, the term "Indian Investments" refers to deployed capital invested in Public and Private Indian Investments as disclosed in note 5 (Indian Investments) to the interim consolidated financial statements for the three and six months ended June 30, 2025. Detailed descriptions of the Indian Investments committed to, acquired and sold in the first six months of 2025 are provided in the Indian Investments section of this MD&A.

Track Record

The table below provides a summary of the company's existing and monetized Indian Investments, including their compounded annualized return in U.S. dollars since the company's inception:

		June 30, 2025					
Existing Indian Investments:	**Initial investment date**	**Ownership %**	**Cash consideration [1]**	**Fair value**	**Net change**	**Cumulative interest and dividends [2]**	**Compounded annualized return [3]**
Public Indian Investments:							
Common stocks:							
IIFL Finance [4]	December 2015	15.2 %	101,118	356,785	255,667	18,716	18.6 % *
IIFL Capital (formerly IIFL Securities) [4]	December 2015	27.3 %	51,055	344,892	293,837	19,925	24.7 % *
5paisa [4]	December 2015	24.6 %	16,603	36,830	20,227	—	12.2 % *
Fairchem Organics [5]	February 2016	55.3 %	34,203	85,246	51,043	2,726	15.2 %
CSB Bank	October 2018	40.0 %	136,348	318,004	181,656	—	14.3 %
			339,327	1,141,757	802,430	41,367	18.8 %
Private Indian Investments:							
Common stocks:							
NCML	August 2015	91.0 %	188,288	43,742	(144,546)	823	(14.7)%
Sanmar	April 2016	39.3 %	199,039	169,487	(29,552)	—	(2.9)%
Saurashtra	February 2017	51.0 %	30,018	60,824	30,806	14,812	12.2 %
BIAL [6]	March 2017	74.0 %	1,157,982	1,887,023	729,041	2,241	9.3 %
IH Fund [7]	January 2019	—	9,872	7,826	(2,046)	6,273	4.6 %
Seven Islands	March 2019	48.5 %	83,846	168,032	84,186	35,932	15.7 %
Maxop	November 2021	67.0 %	51,448	98,797	47,349	—	22.1 %
Jaynix	February 2022	70.0 %	32,504	79,507	47,003	—	30.3 %
Global Aluminium	October 2024	65.0 %	82,729	81,809	(920)	—	(1.5)%
Other Indian Fixed Income	November 2023	—	24,013	23,321	(692)	537	(0.4)%
			1,859,739	2,620,368	760,629	60,618	6.7 %
Total existing Indian Investments			2,199,066	3,762,125	1,563,059	101,985	9.9 %

Monetized Indian Investments:	**Initial investment date**	**Last sale date**	**Cash consideration [1]**	**Cash proceeds [1]**	**Cash proceeds less cash consideration**	**Cumulative interest and dividends [2]**	**Compounded annualized return [3]**
Partially monetized [8]:							
CSB Bank	October 2018	June 2024	33,144	71,298	38,154	—	15.5 %
IIFL Finance [4]	December 2015	December 2023	35,711	177,324	141,613	7,467	24.9 % *
Fairchem Organics [5]	February 2016	February 2022	7,787	45,585	37,798	86	49.7 %
			76,642	294,207	217,565	7,553	25.5 %
Fully monetized:							
Other Indian Fixed Income	November 2021	February 2025	7,395	7,547	152	1,077	5.1 %
Other Public Indian Investments	March 2018	July 2024	182,148	286,033	103,885	9,326	27.7 %
NSE	July 2016	April 2024	26,783	188,948	162,165	15,048	32.8 %
360 ONE (formerly IIFL Wealth) [4]	December 2015	May 2023	107,044	243,465	136,421	40,492	16.7 % *
Privi Speciality [5]	August 2016	April 2021	54,975	164,895	109,920	1,985	27.1 %
Sanmar Bonds [9]	April 2016	December 2019	299,000	433,873	134,873	—	11.0 %
			677,345	1,324,761	647,416	67,928	18.3 %
Total monetized Indian Investments			753,987	1,618,968	864,981	75,481	19.4 %
** Aggregate: IIFL Finance, IIFL Capital (formerly IIFL Securities), 5paisa and 360 ONE (formerly IIFL Wealth)*							*20.2 %*

(1) Cash consideration and cash proceeds reflect U.S. dollar amounts translated from Indian rupees at foreign currency exchange rates at time of purchase or sale.

(2) Cumulative interest and dividends is comprised of interest and dividend income recorded and received over the period of the company's investment.

(3) Compounded annualized return reflects the U.S. dollar annualized internal rate of return calculated for each of the company's existing and monetized Indian Investments, taking into account (i) the timing of cash flows (including cash consideration of purchases, cash proceeds on sales, cumulative interest and dividends received, and return of capital distributions) over the period of the company's investment, and (ii) the fair value at the end of the reporting period for existing Indian Investments.

(4) *In December 2015 and February 2017 the company acquired common shares of IIFL Holdings Limited ("IIFL Holdings") for aggregate cash consideration of $276,734. In October 2017 IIFL Holdings spun off its wholly-owned subsidiary, 5paisa, and in May 2019, also spun off its wholly-owned subsidiaries IIFL Capital (formerly IIFL Securities) and 360 ONE WAM Limited (formerly IIFL Wealth), and renamed the remaining business to IIFL Finance. As a result, the initial cash consideration of $276,734 paid for IIFL Holdings and cumulative interest and dividends have been allocated to each of the spun-off entities based on their respective fair values at the dates of spin off. Cash consideration also includes cash paid for purchases subsequent to spin offs.*

(5) *Cash consideration for Fairchem Organics and Privi Speciality Chemicals Limited ("Privi Speciality") reflects the company's initial cash consideration for Fairchem Speciality Limited and Privi Organics Limited, respectively, prior to their merger in 2017 and demerger in 2020. Cash consideration for Fairchem Organics also includes cash paid for purchases subsequent to the demerger.*

(6) *Cash consideration for BIAL includes deferred consideration of $170,850 to be paid to Siemens over two installments in the third quarters of 2025 and 2026.*

(7) *Cash consideration for IH Fund reflects the company's initial cash consideration less return of capital distributions received in cash.*

(8) *On partially monetized investments, cash consideration and cumulative interest and dividends reflect amounts proportionate to shares sold.*

(9) *Cash proceeds for Sanmar bonds reflect the bonds' total principal and interest.*

Operating Environment

Global Economic Environment

According to the Economic Outlook (June 2025) published by the Organisation for Economic Co-operation and Development ("OECD"), global GDP growth is projected to slow from 3.3% in 2024 to 2.9% in 2025 and 2026, following significant front-loading of trade activity ahead of expected tariffs from the U.S. ("U.S. Tariffs") and retaliatory measures that may be implemented by other governments. The market is further constrained by tighter financial conditions, and weaker business and consumer confidence. The recent protectionist measures have also added to inflationary pressures, and public debt levels are elevated in many advanced and emerging economies. Debt service costs are rising, increasing pressures on public finances, further exacerbated by higher spending pressures in areas such as defence and the green transition.

On the upside, annual headline inflation for advanced economies is collectively expected to fall in 2025 and 2026, with the exception of the U.S., where annual inflation is expected to rise to just under 4% by the end of 2025, but is expected to ease throughout 2026. Although the outlook on inflation has improved, trade uncertainty and the progression of U.S. Tariffs and potential retaliatory tariffs continues to be a source of caution, the effects of which may be amplified by tighter financial conditions and increased exchange rate volatility.

Indian Economy

The Reserve Bank of India ("RBI") is projecting GDP growth for fiscal year 2026 at 6.5%, unchanged from its previous estimate in April. In the June 2025 Economic Outlook, the OECD projected economic growth in India to be 6.3% for fiscal year 2026, driven by strong private consumption and rising real incomes, aided by moderate inflation and a strengthening labour market. However, a more unstable monsoon season or higher global commodity prices could drive up food prices and inflation.

Despite global uncertainty, economic activity in India is expected to maintain the momentum through 2025, supported by private consumption and traction in fixed capital formation. Continued expansion in the services sector is expected to support urban demand, and agriculture prospects remain bright on the back of an above normal south-west monsoon forecast. Investment activity is expected to improve balance sheets of financial and non-financial corporations, further assisted by the government’s capital expenditure push. However, spillover from geopolitical tensions and weather related uncertainties pose downside risks to growth.

The RBI surprised analysts with a rate cut of 50 bps at its June 2025 meeting, bringing the benchmark rate to 5.50%. This marked the third straight cut by the RBI, resulting in a cumulative reduction of 100 bps in 2025 to date. The RBI cited moderation of commodity prices, including crude oil, and a need to boost economic growth to support the rate cut. The RBI also changed its monetary policy stance from ‘accommodative’ to ‘neutral’ noting that monetary policy is left with limited space to support growth, and implying rate cuts have been front loaded to allow more time to feed through to the economy.

Indian Market Indices and Foreign Exchange Rate

Global equity markets ended the second quarter of 2025 on a positive note, despite tariff uncertainty and newly escalating geopolitical conflicts. The industrial sector fared well, while the energy sector demonstrated a weaker performance, reflecting uncertainty over crucial oil supply routes and sluggish demand growth. India's equity markets performed strongly during the quarter, sustained by foreign institutional investor inflows. Both foreign inflows and strong domestic consumption provided the necessary liquidity to give markets a positive lift.

The U.S. dollar S&P BSE Sensex increased by 6.8% in the first six months of 2025 primarily due to a more positive market outlook in anticipation of improved trade relations between India and the U.S. The Indian rupee weakened slightly against the U.S. dollar, reflecting depreciation of 0.2% in the first six months of 2025.

The fair values of the company's publicly traded Indian Investments experienced a strong recovery over the second quarter of 2025. In line with the slight depreciation of the Indian rupee, the company recorded nominal unrealized foreign currency translation losses as the company's net assets and net earnings are primarily denominated in Indian rupees.

The company's Indian Investments face varying degrees of impact in response to changes in the global economic environment. Further discussion specific to each Indian Investment, including potential impacts related to U.S. Tariffs, are included in the Indian Investments section under the respective heading of each Indian Investment of this MD&A.

Business Objectives

Investment Objective

Fairfax India is an investment holding company whose objective is to achieve long term capital appreciation, while preserving capital, by investing 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"). The company makes all or substantially all of its investments either directly or through one of its wholly-owned consolidated subsidiaries based in Mauritius, FIH Mauritius Investments Ltd ("FIH Mauritius") and FIH Private Investments Ltd ("FIH Private"). In 2019 the company formed Anchorage, a consolidated subsidiary of FIH Mauritius based in India.

Investment Restrictions

On January 28, 2025 the company obtained shareholder approval for a one-time deviation from the Investment Concentration Restriction in order to complete the Additional BIAL Investment. At June 30, 2025, taking into account the one-time deviation noted above, the company determined that it was in compliance with the Investment Concentration Restriction as defined in the company's 2024 Annual Report.

Indian Investments

Cautionary Statement Regarding Financial Information of Significant Indian Investments

Fairfax India has agreed to voluntarily provide within the MD&A, summarized financial information prepared in accordance with recognition, measurement and presentation principles consistent with IFRS Accounting Standards for Indian Investments for which it had previously filed a business acquisition report in accordance with section 8.2 of National Instrument 51-102 *Continuous Disclosure Obligations.* IIFL Finance Limited, IIFL Capital Services Limited, Sanmar Chemical Enterprises Limited, Bangalore International Airport Limited and CSB Bank Limited (collectively, "Significant Indian Investments"), prepare their financial statements in accordance with Indian Accounting Standards ("Ind AS"), with the exception of the financial statements of CSB Bank, which are prepared in accordance with Indian Generally Accepted Accounting Principles ("Indian GAAP") as a result of the RBI's decision to defer implementation of Ind AS for scheduled commercial banks until further notice. Ind AS are based on and substantially converged with IFRS Accounting Standards. Fairfax India is limited with respect to the amount of independent verification it is able to perform on the Significant Indian Investments' financial statements. The summarized financial information contained in this MD&A was prepared exclusively for Fairfax India. Such financial information is the responsibility of the respective management teams and has been prepared by them using recognition, measurement and presentation principles consistent with IFRS Accounting Standards, and provided to the company in Indian rupees.

The company's Significant Indian Investments' fiscal years each end on March 31. Summarized financial information of the company's Significant Indian Investments has generally been provided for the periods subsequent to the company's investment and to the extent that the most recent interim financial information is available to the company's management. Significant Indian Investments' summarized financial information should be read in conjunction with Fairfax India's historical consolidated financial statements including the notes thereto and the related MD&A as well as Fairfax India's other public filings.

Fairfax India has no knowledge that would indicate that the Significant Indian Investments' summarized financial information contained herein requires material modifications. However, readers are cautioned that the Significant Indian Investments' summarized financial information contained in this MD&A may not be appropriate for their purposes.

Public Indian Investments

The fair values of Fairfax India's Public Indian Investments, with shares listed on both the BSE (formerly known as Bombay Stock Exchange Limited) and the National Stock Exchange of India ("NSE of India"), are determined using the bid prices of those investments (without adjustments or discounts) at the balance sheet date.

The changes in fair value of the company's Public Indian Investments for the second quarters and first six months of 2025 and 2024 are presented in the tables disclosed in note 5 (Indian Investments) to the interim consolidated financial statements.

Investment in IIFL Finance Limited

Business Overview

IIFL Finance Limited ("IIFL Finance") is a publicly traded retail-focused non-bank financial company located in Mumbai, India that offers diversified loan products, including home loans, gold loans, micro, small and medium enterprise loans and microfinance loans, in addition to its non-core segments of loans for construction and real estate finance, and capital market finance.

Key Business Drivers, Events and Risks

IIFL Finance's key business drivers include its access to well-diversified sources of funds, a diversified asset portfolio with a strategic focus on households, and its extensive network of physical branches and various digital channels, which enable it to deliver credit to underserved segments and under penetrated geographical areas in India. At June 30, 2025 IIFL Finance had over 4,800 branches across India, making it one of the largest retail focused non-banking financial companies.

IIFL Finance's current strategic priorities include maintaining a prudent approach to expand balance sheet assets, leveraging its vast distribution network and customer base to drive growth, investing in artificial intelligence to digitize and automate workflows, and maintaining a strong risk and compliance framework through multi-layered monitoring and robust controls.

On March 4, 2024 the RBI ordered IIFL Finance to immediately cease the sanctioning and disbursing of gold loans, in connection with the results of an inspection which identified material supervisory concerns related to IIFL Finance's gold loan portfolio ("RBI Order"). Upon completion of a special audit that verified the deficiencies had been remediated, the RBI lifted the restrictions on September 19, 2024, permitting IIFL Finance to resume its gold loan business. IIFL Finance's assets under management ("AUM") declined over the duration of the restrictions, primarily due to regular repayments on gold loans issued prior to the RBI Order. The gold loan AUM has since recovered beyond levels prior to the RBI Order and achieved an all-time high at June 30, 2025.

On April 17, 2024 IIFL Finance announced a rights offering which enabled existing shareholders to participate in a common share issuance on a pro rata basis of 1 newly issued equity share for every 9 equity shares held, at a price of 300.00 Indian rupees per share ("IIFL Finance Rights Offer"). The IIFL Finance Rights Offer was completed in May 2024 and was fully subscribed.

At June 30, 2025 IIFL Finance had AUM of approximately $9.8 billion (839 billion Indian rupees) (December 31, 2024 - $8.3 billion (714 billion Indian rupees)) comprised of home loans (38%), gold loans (33%), micro, small and medium enterprise loans (16%), microfinance (11%), construction and real estate finance (1%), and capital market finance (1%). Asset quality across the industry has recently faced higher stress particularly across the microfinance and unsecured business loan segments, reflecting broader macroeconomic trends. IIFL Finance's well-diversified asset portfolio is predominantly retail in nature with small loan ticket sizes, mitigating the risk of asset concentration and exposure to cyclical movements.

Valuation and Interim Consolidated Financial Statement Impact

On May 17, 2024 in connection with the IIFL Finance Rights Offer, the company acquired an additional 6,911,076 common shares of IIFL Finance with a fair value of $33,089 (representing IIFL Finance's market price on the date of acquisition) for cash consideration of $24,879 (2.1 billion Indian rupees) (based on the IIFL Finance Rights Offer exercise price). The company's commitment to participate in the IIFL Finance Rights Offer gave rise to a forward derivative asset. As a result of the difference between market price and exercise price, the company recorded a gain on the IIFL Finance forward derivative of $8,210.

At June 30, 2025 the fair value of the company's investment in IIFL Finance was $356,785 (December 31, 2024 - $311,401) comprised of 64,552,521 common shares representing a 15.2% equity interest (December 31, 2024 - 15.2%). IIFL Finance's share price increased by 14.8% from 413.00 Indian rupees per share at December 31, 2024 to 474.00 Indian rupees per share at June 30, 2025.

In the second quarter and first six months of 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IIFL Finance of nil and $2,776. The company did not receive dividend income from IIFL Finance during the second quarter and first six months of 2025.

IIFL Finance's Summarized Financial Information

IIFL Finance's fiscal year ends on March 31. Summarized below are IIFL Finance's balance sheets at March 31, 2025 and March 31, 2024.

Balance Sheets
(unaudited - US$ thousands)

	March 31, 2025[(1)]	March 31, 2024[(1)(2)]
Financial assets	7,639,273	7,310,040
Non-financial assets	274,873	172,274
Financial liabilities	6,239,639	5,999,273
Non-financial liabilities	41,822	37,468
Total equity	1,632,685	1,445,573

(1) The net assets of IIFL Finance were translated at March 31, 2025 at $1 U.S. dollar = 85.47 Indian rupees and at March 31, 2024 at $1 U.S. dollar = 83.40 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

(2) Certain prior period comparative figures have been restated for comparability to be consistent with current period's presentation.

Financial assets increased principally reflecting an increased and higher share of balance sheet loan assets compared to IIFL Finance's off-balance sheet portfolio of assigned and securitized loans. Non-financial assets increased primarily due to an increase to investment properties, fixed assets and tax assets. Financial liabilities increased principally reflecting net proceeds from debt, partially offset by lower payables related to loan assignment and securitization. Non-financial liabilities increased primarily due to increased provisions. The increase in total equity primarily reflected the impact of the IIFL Finance Rights Offer which raised approximately $152 million, in addition to net earnings during the year ended March 31, 2025.

Summarized below are IIFL Finance's statements of earnings for the years ended March 31, 2025 and 2024.

Statements of Earnings
(unaudited - US$ thousands)

	Year ended March 31, 2025[(1)]	Year ended March 31, 2024[(1)]
Revenue	1,211,165	1,267,096
Earnings before income taxes	83,648	310,649
Net earnings	68,403	238,457

(1) Amounts for the years ended March 31, 2025 and 2024 were translated using the average exchange rates of $1 U.S. dollar = 84.52 Indian rupees and $1 U.S. dollar = 82.79 Indian rupees prevailing during those periods.

IIFL Finance's revenue decreased principally due to lower interest income as a result of lower AUM and portfolio yields throughout the year, primarily due to the impact from the RBI Order which restricted gold loan disbursement between March and September 2024. Earnings before income taxes and net earnings decreased primarily due to a provision of approximately $69 million (5.9 billion Indian rupees) recorded during the year related to the restructuring of certain assets, which IIFL Finance expects to recover as underlying assets are monetized, in addition to higher impairment charges on loans. The decrease was also attributed to increased finance costs and employee benefit expenses, and lower revenue as described above. The decrease in net earnings was partially offset by lower tax expense.

Investment in IIFL Capital Services Limited

Business Overview

IIFL Capital Services Limited ("IIFL Capital", formerly IIFL Securities Limited) is a publicly traded independent full-service retail and institutional brokerage and investment advisory firm based in Mumbai, India, providing diversified financial services which include broking services, financial products distribution, institutional research and investment banking services.

Key Business Drivers, Events and Risks

IIFL Capital is a key player in both retail and institutional segments of the capital market, with over 4,000 partners and over 100 branches across India. IIFL Capital's current strategy for growth involves the transformation of its legacy execution-focused platform into a comprehensive wealth management platform with a focus on the affluent segment, while leveraging its market-leading institutional broking and investment banking franchises. As the wealth management business gains momentum, IIFL Capital expects its revenue profile to diversify further and recalibrate towards a higher share of recurring revenue, thereby reducing the risk of market-related volatility. IIFL Capital's significant presence in investment banking and institutional broking businesses is expected to offer synergies through the wide customer base of diverse investors, shared market intelligence, and strong capabilities in research and execution.

At June 30, 2025 IIFL Capital's non-institutional business segment had AUM of approximately $28.5 billion (2,440 billion Indian rupees) (December 31, 2024 - $28.6 billion (2,448 billion Indian rupees)). IIFL Capital's institutional broking franchise business provides comprehensive research coverage in over 310 stocks in more than 20 sectors, accounting for over 73% of India's market capitalization. The investment banking business completed 19 transactions during the first six months of 2025 and continues to have a strong deal pipeline despite recent market volatility. Capital markets have been impacted by declining exchange volumes largely caused by regulatory changes to the derivative segment.

Valuation and Interim Consolidated Financial Statement Impact

At June 30, 2025 the fair value of the company's investment in IIFL Capital was $344,892 (December 31, 2024 - $322,990) comprised of 84,641,445 common shares representing a 27.3% equity interest (December 31, 2024 - 27.3%). IIFL Capital's share price increased by 7.0% from 326.70 Indian rupees per share at December 31, 2024 to 349.45 Indian rupees per share at June 30, 2025.

In the second quarter and first six months of 2025 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IIFL Capital of nil and $2,932 (2024 - nil and $3,058).

IIFL Capital's Summarized Financial Information

IIFL Capital's fiscal year ends on March 31. Summarized below are IIFL Capital's balance sheets at March 31, 2025 and March 31, 2024.

Balance Sheets
(unaudited - US$ thousands)

	March 31, 2025[(1)]	March 31, 2024[(1)]
Financial assets	866,780	880,070
Non-financial assets	64,027	64,115
Financial liabilities	623,202	721,651
Non-financial liabilities	13,944	8,110
Total equity	293,661	214,424

(1) The net assets of IIFL Capital were translated at March 31, 2025 at $1 U.S. dollar = 85.47 Indian rupees and at March 31, 2024 at $1 U.S. dollar = 83.40 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Financial assets and non-financial assets in U.S. dollars decreased principally due to the weakening of the Indian rupee relative to the U.S. dollar compared to the prior period. Adjusted for the above, financial assets in Indian rupees increased principally reflecting higher cash flows from operations, and increased investments and client and exchange receivables. Non-financial assets in Indian rupees increased primarily due to an increase in right of use assets, partially offset by lower fixed assets due to the sale of properties during the year. Financial liabilities decreased primarily reflecting lower client and exchange payables, in addition to net repayments of borrowings during the year. Non-financial liabilities increased primarily due to an increase in advances from customers.

Summarized below are IIFL Capital's statements of earnings for the years ended March 31, 2025 and 2024.

Statements of Earnings
(unaudited - US$ thousands)

	Year ended March 31, 2025[(1)]	Year ended March 31, 2024[(1)]
Revenue	303,757	269,507
Earnings before income taxes	109,390	82,448
Net earnings	84,342	62,005

(1) Amounts for the years ended March 31, 2025 and 2024 were translated using the average exchange rates of $1 U.S. dollar = 84.52 Indian rupees and $1 U.S. dollar = 82.79 Indian rupees prevailing during those periods.

IIFL Capital’s revenue increased primarily reflecting increased fee and commission income principally from the financial product distribution segment, higher interest income primarily attributable to the higher margin funding book, and higher other income due to mark to market gains on investments and gains on sales of properties during the year. Earnings before income taxes and net earnings increased primarily reflecting higher revenue as discussed above and lower depreciation expense, partially offset by increased employee expenses consistent with higher headcount required to support the new wealth management business. The increase in net earnings was partially offset by higher tax expense.

Investment in CSB Bank Limited

Business Overview

CSB Bank Limited ("CSB Bank") is a publicly traded company located in Thrissur, India, established in 1920 and is a full-service bank offering retail banking, non-resident Indian banking services, small-to-medium enterprise ("SME") and wholesale banking services through 834 branches and 800 automated teller machines across India.

Key Business Drivers, Events and Risks

CSB Bank's key business drivers relate to its ability to provide financial services in India, particularly in the areas of retail, SMEs, gold and corporate lending and to mobilize low cost deposits in the form of current accounts, savings accounts and non-resident Indian deposits. CSB Bank's vision is to transition from a small bank to mid-sized bank by fiscal year 2030 ("SBS 2030"), by focusing on the following pillars: (i) culture and leadership; (ii) governance and compliance; (iii) risk management; (iv) customer centricity; and (v) technology. As part of its 2030 vision, CSB Bank also aims to leverage its universal banking license and expand its services in the non-gold portfolio. In May 2025, CSB Bank successfully transitioned to its new centralized banking system, which will enable consistent service and accelerate growth. In the next phase of its SBS 2030 goal, CSB Bank will embark on the 'Scale' phase, and transform into a full-service new age private sector bank.

CSB Bank emphasizes a balance between advances and deposits, which have demonstrated growth outpacing industry trends during its fiscal year 2025. At March 31, 2025 CSB Bank had gross loans and advances of $3.7 billion (318 billion Indian rupees) (December 31, 2024 - $3.4 billion (289 billion Indian rupees)) comprised of gold loans (44%), corporate loans (23%), retail loans (20%) and SME loans (13%), and deposits of $4.3 billion (369 billion Indian rupees) (December 31, 2024 - $3.9 billion (334 billion Indian rupees)), of which 24% was comprised of lower cost, current and savings accounts. While gold loans continue to drive growth, CSB Bank aims to strengthen the SME, corporate and retail lending segments.

Banks in India are highly regulated by the RBI including specific regulations on shareholder voting rights, shareholdings and board representation. The company is subject to a dilution schedule from the RBI, requiring the company to bring down its shareholding in CSB Bank to 40.0% within 5 years (which was completed during 2024), to 30.0% within 10 years, and 26.0% within 15 years of the investment completion date of August 7, 2019.

Valuation and Interim Consolidated Financial Statement Impact

In accordance with the RBI dilution schedule, on June 27, 2024 the company sold 16,868,645 common shares of CSB Bank for gross proceeds of $71,298 (6.0 billion Indian rupees), resulting in realized gains of $43,001.

At June 30, 2025 the fair value of the company's investment in CSB Bank was $318,004 (December 31, 2024 - $254,756) comprised of 69,394,331 common shares representing a 40.0% equity interest (December 31, 2024 - 40.0%). CSB Bank's share price increased by 25.0% from 314.30 Indian rupees per share at December 31, 2024 to 393.00 Indian rupees per share at June 30, 2025.

CSB Bank's Summarized Financial Information

CSB Bank's fiscal year ends on March 31. Summarized below are CSB Bank's balance sheets at March 31, 2025 and March 31, 2024.

Balance Sheets

(unaudited - US$ thousands)

	March 31, 2025[(1)]	March 31, 2024[(1)]
Financial assets	5,471,197	4,225,027
Non-financial assets	185,210	117,215
Financial liabilities	5,039,835	3,833,163
Non-financial liabilities	107,685	62,547
Shareholders' equity	508,887	446,532

(1) The net assets of CSB Bank were translated at March 31, 2025 at $1 U.S. dollar = 85.47 Indian rupees and at March 31, 2024 at $1 U.S. dollar = 83.40 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Financial assets increased primarily due to increased loans and advances to customers and investment securities. Non-financial assets increased primarily due to increased property, plant and equipment consistent with higher number of branches, and increased acceptances and endorsements. Financial liabilities increased primarily due to increased deposits from customers and banks, in addition to increased borrowings. Non-financial liabilities increased primarily due to increased lease liabilities and other customer liabilities.

Summarized below are CSB Bank's statements of earnings for the years ended March 31, 2025 and 2024.

Statements of Earnings
(unaudited - US$ thousands)

	Year ended March 31, 2025[(1)]	Year ended March 31, 2024[(1)]
Revenue	279,583	250,920
Earnings before income taxes	95,165	78,185
Net earnings	70,740	57,423

(1) Amounts for the years ended March 31, 2025 and 2024 were translated using the average exchange rates of $1 U.S. dollar = 84.52 Indian rupees and $1 U.S. dollar = 82.79 Indian rupees prevailing during those periods.

Revenue increased primarily as a result of higher other income and increased net fee and commission income, partially offset by lower net interest income due to regulatory changes to penalty charges which have resulted in reduced yields. Earnings before income taxes and net earnings increased primarily due to higher revenue and lower impairment losses on financial assets, partially offset by increased general and administrative, personnel and depreciation expenses consistent with a higher number of branches.

Investment in Fairchem Organics Limited

Business Overview

Fairchem Organics Limited ("Fairchem Organics") is a publicly traded specialty chemical manufacturer located in Ahmedabad, India. Fairchem Organics manufactures oleochemicals used in the paints, inks, adhesives, lubricants and cosmetics industries, as well as intermediate neutraceutical and health products. It has developed an in-house technology that uses machinery designed and manufactured by leading European companies to physically separate and convert waste generated during the production of soya, sunflower and corn oils into valuable neutraceutical and fatty acids.

Key Business Drivers, Events and Risks

Fairchem Organics' key business drivers relate to the success of its oleochemicals business and vertical integration into value added products, such as fatty acids and natural vitamin E. As environmental concerns have increased, the demand for sustainable and biodegradable oleochemicals used in lubricants, paper printing, paints and coatings, and animals feed industries experienced strong growth in recent years.

The close proximity to raw materials available in Asia (India, Malaysia and Indonesia) has resulted in a shift of oleochemical production away from the U.S. and Europe. As India is one of the largest consumers of soft oils, the easy access to raw materials and lower costs, combined with efficient manufacturing processes and strong customer and supplier relationships have provided Fairchem Organics with certain competitive advantages over its international peers. Fairchem Organics also has little or no direct competition for some of its products and is considered to produce a superior quality product compared to its competitors. These competitive advantages continue to be maintained through research and development aimed at improving product yield, and optimizing manufacturing processes while ensuring quality.

Fairchem Organics' current growth initiatives include investing in the development of new value-added oleochemical products through forward integration processes and introduction of new raw materials, increasing capacity, and enhancing its customer base by diversifying into new geographical markets and creating new applications for prime products. Fairchem Organics expects significant growth in the application of its new high-grade isostearic product (launched in fiscal year 2024) in the cosmetics industry as certifications have been received and trials by international consumers have been completed.

In September 2024, the Indian government raised the import duty on certain crude and refined vegetable oils (used as inputs in Fairchem Organics' products) by approximately 20% in an effort to protect farmers from lower seed oil prices. Fairchem Organics' pricing flexibility on its dimer acid product is limited due to competition from Chinese manufacturers, therefore higher import duties in India have negatively impacted margins and profitability. The import duty was reduced to 10% in May 2025, which may help to relieve margin pressures if raw material prices decline in the near term. Fairchem Organics also exports dimer acid to the U.S, but does not anticipate the imposition of U.S. Tariffs to have a significant impact to its operations, given such tariffs are also expected to be imposed on its primary competition from Chinese manufacturers.

Valuation and Interim Consolidated Financial Statement Impact

At June 30, 2025 the fair value of the company's investment in Fairchem Organics was $85,246 (December 31, 2024 - $102,234) comprised of 7,202,656 common shares representing a 55.3% equity interest (December 31, 2024 - 55.3%). Fairchem Organics' share price decreased by 16.5% from 1,215.20 Indian rupees per share at December 31, 2024 to 1,015.00 Indian rupees per share at June 30, 2025.

Investment in 5paisa Capital Limited

Business Overview

5paisa Capital Limited ("5paisa") is a publicly traded online financial services provider based in Mumbai, India with a "do-it-yourself" investment brokerage model that allows customers to execute investment transactions for low brokerage fees. 5paisa is primarily engaged in providing a technology platform through online and mobile applications for trading securities on the BSE and NSE of India.

Key Business Drivers, Events and Risks

5paisa's key business driver relates to its ability to provide digital investment and lending solutions, a relatively newer segment with the potential to achieve critical mass in the near future with the spread of the Internet, mobile penetration, telecommunication and data services throughout India. 5paisa's services are targeted towards retail investors and high volume traders who actively invest and trade in securities markets, and seek "do-it-yourself" services at a low cost. 5paisa remains focused on innovation based on understanding customer behaviour, and constantly strives to achieve technological superiority through the developments of its robust trading platform, advanced mobile app, its Artificial-Intelligence powered robo-advisory platform, and the paperless account opening process.

As previously noted, SEBI, the principal regulator of the securities market in India, announced several regulatory changes during 2024 to reduce market speculation and volatility, promote fairness in the industry, and increase transparency for retail investors. Beginning October 1, 2024 all stock exchanges, depositories and clearing corporations must charge brokers uniform transaction fees, where previously transaction fees varied based on trade volume, with discounts provided for higher volumes. This has impacted all brokers, but particularly those brokers benefiting from high volume discounts. The regulatory change, among other measures implemented by SEBI, contributed to reduced client participation particularly in the derivatives segment, resulting in subdued exchange turnover. While these changes had a temporary adverse impact on 5paisa's profitability, market participants have largely adjusted to the new regulatory norms and turnover volumes have recently shown signs of recovery, with major Indian stock market indices experiencing a moderate rebound, reflecting improved market sentiment.

At June 30, 2025 the 5paisa mobile application reached 22.3 million downloads and its total customer base exceeded 4.9 million. During the second quarter of 2025, approximately 86% of customer acquisitions were attributed to customers onboarded to the digital platform without intervention or assistance. 5paisa remains focused on improving the quality of customer acquisitions and investing in new technologies to elevate the trading experience, in addition to strengthening revenue and optimizing costs.

Valuation and Interim Consolidated Financial Statement Impact

At June 30, 2025 the fair value of the company's investment in 5paisa was $36,830 (December 31, 2024 - $41,883) comprised of 7,670,130 common shares representing a 24.6% equity interest (December 31, 2024 - 24.6%). 5paisa's share price decreased by 11.9% from 467.50 Indian rupees per share at December 31, 2024 to 411.80 Indian rupees per share at June 30, 2025.

Private Indian Investments

Cautionary Statement Regarding the Valuation of Private Indian Investments

In the absence of an active market for the company's Private Indian Investments, fair values for these investments are determined by management using industry acceptable valuation methodologies after considering the history and nature of the business, operating results and financial conditions, outlook and prospects, general economic, industry and market conditions, contractual rights relating to the investment, public market comparables (if available) and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which the company's Private Indian Investments could be disposed of may differ from the fair values assigned and those differences may be material.

The changes in fair value of the company's Private Indian Investments for the second quarters and first six months of 2025 and 2024, including details on valuation methodologies and current model assumptions are discussed in note 5 (Indian Investments) to the interim consolidated financial statements.

Investment in Bangalore International Airport Limited

Business Overview

Bangalore International Airport Limited ("BIAL") is a private company located in Bengaluru, India. BIAL, under a concession agreement with the Government of India until the year 2068, has the exclusive rights to carry out the development, design, financing, construction, commissioning, maintenance, operation and management of the Kempegowda International Airport Bengaluru ("KIAB") through a public-private partnership. KIAB is the first greenfield airport in India built to the highest level of international standards through a public-private partnership. BIAL's principal lines of business are aeronautical and non-aeronautical revenue from the airport, real estate monetization and other non-airport related revenue, which includes a five-star hotel operated under the Taj brand and the operation of domestic and international lounge services at KIAB's Terminal 2.

Key Business Drivers, Events and Risks

KIAB is the busiest airport in South India, and the third largest in the country. The airport handled domestic passenger traffic of 18.6 million and international passenger traffic of 3.3 million in the first six months of 2025, representing year over year growth of 7.9% and 30.9%, respectively. This growth has been supported by increased capacity from major domestic and international carriers, the launch of new routes, and the start of operations by new international airlines. Cargo volumes also grew 3.9% year over year, driven by continued growth in perishable exports, as well as heightened demand for international air cargo due to the current geopolitical landscape.

The commencement of domestic and international operations for the first phase of Terminal 2 during 2023 increased annual passenger capacity at the airport by approximately 25 million. During 2024, BIAL revised its airport infrastructure expansion plan pertaining to several projects to be undertaken between fiscal years 2025 and 2028, with a primary goal to enhance accessibility and optimize existing airport operations in preparation for anticipated growth in passenger and air traffic. Such plans include new airport metro stations, upgrades to existing terminals, additional airplane taxiways, and new tunnels, connectors and walkways. BIAL's plans to increase the overall capacity of the airport also remain underway, and include the construction of the second phase of Terminal 2 by fiscal year 2029 and a third terminal building by fiscal year 2034.

As Bengaluru's historically populated areas have become congested, the city is expanding towards the airport's direction. Therefore, BIAL's growth will also be supported by its real estate monetization plans, which include the development of Bengaluru Airport City as a world class mixed-use destination. Several key assets are in varying stages of development and construction.

BIAL, with support from the Government of Karnataka, has also entered into various partnerships with major Indian airlines (Air India and IndiGo) and aerospace companies for the development of comprehensive maintenance, repair and overhaul facilities for aircrafts and other aerospace facilities on BIAL's leasehold land. These strategic alliances are expected to boost air travel connectivity to and from India and will help establish KIAB as a premier aviation hub for Southern India, driving growth in both domestic and international passenger traffic.

Valuation and Interim Consolidated Financial Statement Impact

On February 20, 2025 the company, through FIH Mauritius, completed the acquisition of an additional 10.0% equity interest in BIAL from Siemens for a purchase price of $255,000 (22.1 billion Indian rupees).

In accordance with the terms of the transaction, on the closing date, the company paid an initial installment of $84,150 and delivered a letter of credit in favour of Siemens, representing the deferred purchase price of $170,850. Refer to note 7 (Borrowings, under the heading Revolving Credit Facility) to the interim consolidated financial statements for the three and six months ended June 30, 2025 for further details. At June 30, 2025 the payable for securities purchased of $170,850 presented in the company's consolidated balance sheet reflects the second and third installments of $94,350 and $76,500 to be paid in the third quarters of 2025 and 2026, respectively.

At June 30, 2025 the company held a 74.0% equity interest in BIAL (December 31, 2024 - 64.0%), and its internal valuation model indicated that the fair value of the company's investment in BIAL was $1,887,023 (December 31, 2024 - $1,631,988), which approximates the equity valuation of BIAL implied by the Additional BIAL Investment discussed above.

At June 30, 2025 the company held 43.6% out of its 74.0% (December 31, 2024 - 43.6% out of its 64.0%) equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 69.0% (December 31, 2024 - 59.0%). Refer to note 8 (Total Equity, under the heading Non-controlling interests) to the interim consolidated financial statements for the three and six months ended June 30, 2025 for further discussion on Anchorage.

BIAL's Summarized Financial Information

BIAL's fiscal year ends on March 31. Summarized below are BIAL's balance sheets at March 31, 2025 and March 31, 2024.

Balance Sheets
(unaudited - US$ thousands)

	March 31, 2025(1)	**March 31, 2024(1)(2)**
Current assets	441,651	348,239
Non-current assets	1,464,611	1,550,301
Current liabilities	185,849	197,943
Non-current liabilities	1,348,902	1,390,798
Shareholders' equity	371,511	309,799

(1) The net assets of BIAL were translated at March 31, 2025 at $1 U.S. dollar = 85.47 Indian rupees and at March 31, 2024 at $1 U.S. dollar = 83.40 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.
(2) Certain prior period comparative figures have been restated for comparability to be consistent with current period's presentation.

Current assets increased primarily reflecting higher cash flows from operations, and the investment of surplus cash into short term fixed deposits. Non-current assets decreased due to the depreciation of property, plant and equipment and lower deferred tax assets. Current liabilities decreased primarily due to lower capital expenditure payables. Non-current liabilities decreased principally due to net repayments of borrowings, partially offset by increased security deposits received from subleases.

Summarized below are BIAL's statements of earnings (loss) for the years ended March 31, 2025 and 2024.

Statements of Earnings (Loss)
(unaudited - US$ thousands)

	Year ended March 31, 2025(1)	**Year ended March 31, 2024(1)(2)**
Revenue	472,596	332,076
EBITDA	327,416	214,153
Net earnings (loss)	70,218	(8,540)

(1) Amounts for the years ended March 31, 2025 and 2024 were translated using the average exchange rates of $1 U.S. dollar = 84.52 Indian rupees and $1 U.S. dollar = 82.79 Indian rupees prevailing during those periods.
(2) Certain prior period comparative figures have been restated for comparability to be consistent with current period's presentation.

The increase in revenue primarily reflected the increased aeronautical revenues as a result of higher UDFs with effect from April 1, 2024 and higher passenger traffic levels as a result of increased capacity. The higher passenger traffic levels also translated into higher non-aeronautical revenues, and reflected higher spend by passengers. The increase in EBITDA principally reflected increased revenues, partially offset by higher operating and administrative expenses in connection with higher business volumes. Net earnings for the year ended March 31, 2025 compared to a net loss in the prior year primarily due to higher EBITDA as described above, partially offset by higher tax expense consistent with improved earnings, and higher finance costs.

Investment in Sanmar Chemical Enterprises Limited

Business Overview

Sanmar Chemical Enterprises Limited ("Sanmar"), a private company located in Chennai, India, is one of the largest polyvinyl chloride ("PVC") manufacturers in India with an operational presence in India and Egypt. Sanmar has an aggregate installed capacity of approximately 838,000 metric tons per annum, comprised of approximately 438,000 metric tons per annum in India and 400,000 metric tons per annum in Egypt.

Sanmar's principal lines of business consist of: (i) Chemplast Sanmar Limited ("Chemplast"), the largest specialty paste PVC manufacturer in India, with a product range comprising of its specialty chemicals business (including specialty paste PVC resins, the custom manufactured chemicals ("CMC") business, and refrigerant gases) and value-added chemicals (such as caustic soda and chloromethanes), as well as its wholly-owned subsidiary, Chemplast Cuddalore Vinyls Limited ("CCVL"), the second largest suspension PVC manufacturer in India; and (ii) TCI Sanmar Chemicals S.A.E. ("Sanmar Egypt"), the largest Indian investor in Egypt's chemical business and the largest caustic soda, calcium chloride and PVC manufacturer in Egypt. At June 30, 2025 Sanmar held a 55.0% equity interest in Chemplast (December 31, 2024 - 55.0%), which is listed and actively traded on both the BSE and NSE of India.

Key Business Drivers, Events and Risks

Sanmar continues to draw strength from strong brand equity, experienced management, dominant market position in the chemicals industry, and long term demand outlook for PVC and caustic soda industry in India and across global markets. Sanmar's key business drivers relate to the execution of its plan to drive the growth of its CMC business, increase PVC manufacturing capacity in India (specifically the specialty PVC) to align with the growing long term demand for PVC. Sanmar's expansion projects at Chemplast in its CMC and refrigerant gas businesses remain focal points for growth plans. The second phase of the CMC expansion was commissioned during fiscal year 2025, with the third phase currently underway.

The international PVC market remains subdued, as global PVC prices continue to trade at suppressed levels due to excess supply from China. As a result, several countries, including India and Egypt, have imposed or are in the process of imposing anti-dumping duties on imports of PVC products in an effort to protect domestic producers. Additionally, caustic soda prices have improved over the prior year, which has partially mitigated the negative impacts of the downward trend of PVC prices.

Efforts to improve the foreign currency crisis in Egypt over the past year, such as the unification of the central bank exchange rate with market rates, expansion of the IMF loan program, in addition to several significant foreign investment announcements, have contributed to foreign reserves in Egypt reaching a record high in June 2025. The improved availability of U.S. dollars in Egypt has helped Sanmar Egypt's gradual shift in PVC sales mix from exports to higher margin domestic sales. Sanmar Egypt has been able to support its working capital requirements amid tightened liquidity conditions through extended credit terms from suppliers, increased customer advances, and working capital loans. Sanmar Egypt will also require additional equity to be infused by the end of 2025 as required by lenders to help satisfy debt servicing obligations.

In March 2025 Sanmar carried out a series of transactions which involved the subscription of newly issued Sanmar equity shares by one of Sanmar's promoter affiliates, where proceeds were primarily used towards the settlement of debt due to other promoter affiliates.

Valuation and Interim Consolidated Financial Statement Impact

As a result of the share issuance noted above, Fairfax India's equity interest in Sanmar was diluted from 42.9% to 39.3%.

At June 30, 2025 the company held a 39.3% equity interest in Sanmar (December 31, 2024 - 42.9%) and its internal valuation model indicated that the fair value of the company's investment in Sanmar was $169,487 (December 31, 2024 - $201,446).

At June 30, 2025 the portion of fair value derived from Sanmar’s equity interest in Chemplast was $174,316 (December 31, 2024 - $217,604). The fair value attributed to Chemplast was higher than the total fair value of Sanmar due to a low equity value attributable to Sanmar Egypt combined with the impact of net debt due to Sanmar's promoter affiliates. The share price of Chemplast decreased by 12.3% from 499.00 Indian rupees per share at December 31, 2024 to 437.50 Indian rupees per share at June 30, 2025.

Sanmar's Summarized Financial Information

Sanmar's fiscal year ends on March 31. Summarized below are Sanmar's balance sheets at March 31, 2025 and March 31, 2024.

Balance Sheets
(unaudited - US$ thousands)

	March 31, 2025(1)	**March 31, 2024(1)**
Current assets	357,940	341,465
Non-current assets	2,104,817	2,102,971
Current liabilities	732,481	642,523
Non-current liabilities	1,185,937	1,123,600
Total equity	544,339	678,313

(1) The net assets of Sanmar were translated at March 31, 2025 at $1 U.S. dollar = 85.47 Indian rupees and at March 31, 2024 at $1 U.S. dollar = 83.40 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Current assets increased primarily due to increased accrued export incentives and other receivables. Non-current assets increased primarily due to increased property, plant and equipment related to expansion projects, partially offset by the impact of the weakening of the Indian rupee relative to the U.S. dollar compared to the prior period. Current liabilities increased primarily related to higher working capital loans at Sanmar Egypt. Non-current liabilities increased primarily due to the conversion of an equity instrument to debt with Sanmar promoters and higher trade deposits. The decrease in total equity principally reflected net loss during the year ended March 31, 2025 and the conversion of certain equity instruments as noted above, partially offset by the impact of the newly issued equity shares to Sanmar's promoter affiliates.

Summarized below are Sanmar's statements of earnings (loss) for the years ended March 31, 2025 and 2024.

Statements of Earnings (Loss)
(unaudited - US$ thousands)

	Year ended March 31, 2025(1)	Year ended March 31, 2024(1)(2)
Revenue	915,827	936,232
EBITDA	49,265	56,781
Net loss	(144,246)	(159,920)

(1) Amounts for the years ended March 31, 2025 and 2024 were translated using the average exchange rates of $1 U.S. dollar = 84.52 Indian rupees and $1 U.S. dollar = 82.79 Indian rupees prevailing during those periods.

(2) Certain prior period comparative figures have been restated for comparability to be consistent with current period's presentation.

Revenue decreased primarily due to softened prices for paste and suspension PVC in India and lower PVC prices and caustic soda sales volumes in Egypt, partially offset by increased sales volumes on paste PVC and caustic soda in India, and growth of the CMC business at Chemplast. EBITDA decreased primarily due to lower revenue as described above and higher employee costs, partially offset by a correction in feedstock prices for PVC, and higher contributions from the CMC business at Chemplast. The decrease in net loss reflected lower deferred taxes at Sanmar Egypt, partially offset by higher borrowing costs and increased depreciation related to completed expansion projects.

Investment in Seven Islands Shipping Limited

Business Overview

Seven Islands Shipping Limited ("Seven Islands"), a private company located in Mumbai, India, is the second largest private sector tanker shipping company in India and transports liquid and gas cargo along the Indian coast as well as in international waters. Its vessels are Indian owned and primarily operate as Indian registered and flagged vessels. Seven Islands' subsidiary, Seven Islands Shipping International FZE ("SISIF"), is located in the United Arab Emirates and operates foreign-flagged vessels. At June 30, 2025 Seven Islands, together with SISIF, owned 28 vessels, including 2 gas carriers, with a total deadweight capacity of approximately 1.3 million metric tons.

Key Business Drivers, Events and Risks

Seven Islands' key business drivers relate to its ability to acquire vessels from reputable vessel owners within the international market and quickly deploy those vessels through charter contracts with India's largest oil and gas companies. Seven Islands' business model is susceptible to overall shipping cycles and could be impacted by industry downturns in terms of lower rates and increased competition. However, Seven Islands operates primarily in the crude oil, oil products and liquefied petroleum gas transport segments wherein India has one of the fastest growing energy consumption rates, mitigating business deployment risk for oil and gas tankers in India in comparison with other countries. In addition, India has witnessed a decline in the fleet of other shipping companies, due to lower operational efficiencies, forming a gap that Seven Islands has been able to fill.

Seven Islands currently operates two foreign-flagged vessels under its wholly-owned subsidiary, SISIF. Operating primarily in a free economic trade zone within the United Arab Emirates, the vessels can employ both Indian and foreign crew members, in addition to receiving certain benefits comparable to Indian owned and flagged vessels, including the absence of corporate tax.

Geopolitical tensions continue to impact the crude oil market, affecting both oil supply chains and demand patterns. As the ban on Russian oil by western nations and the European Union remains intact, Russia continues to export oil to China and India at higher volumes. While these changes contributed to an initial uptick in charter rates due to increased demand for medium-sized vessels and longer-haul routes, the effects are now subsiding with charter rates showing signs of softening.

Global oil supply in 2025 is set to outpace demand. After decades of leading global oil demand growth, demand in China is slowing owing to a surge in electric vehicle sales and deployment of high speed rail, and India is expected to lead global growth through to 2030. Oil demand growth is primarily expected to come from the petrochemical sector, which will help offset declining demand from the historically significant transportation and power generation sectors. In the near term, uncertainties around tariffs and global trade tensions may dampen energy demand growth. Furthermore, escalating geopolitical conflicts in the Arabian Gulf may add another layer of volatility to oil prices. Seven Islands remains somewhat insulated from volatility, at least in the short term, as the majority of its revenue contracts are on time charter for six months to over two years.

Seven Islands' revenues are denominated in U.S. dollars, whereas a majority of expenses incurred are denominated in Indian rupees. Seven Islands is also exposed to fluctuations in the Indian rupee to the extent that vessel acquisitions are negotiated and settled in U.S. dollars.

Valuation and Interim Consolidated Financial Statement Impact

At June 30, 2025 the company held a 48.5% equity interest in Seven Islands (December 31, 2024 - 48.5%), and its internal valuation model indicated that the fair value of the company's investment in Seven Islands was $168,032 (December 31, 2024 - $145,990).

Investment in Maxop Engineering Company Private Limited

Business Overview

Maxop Engineering Company Private Limited ("Maxop"), a private company located in New Delhi, India, is a precision aluminum die casting and machining solution provider for customers in the automotive and industrial sectors. Maxop operates from eight manufacturing facilities located in India with total installed casting capacity of over 20,000 metric tons, and caters to customers in Asia, North America and Europe.

Key Business Drivers, Events and Risks

Maxop's key business drivers relate to the growing demand and increasing scope of industrial applications for aluminum die casting, a process which manufactures lightweight parts and provides high flexibility for complex shapes. The automotive industry is a major consumer of aluminum die-cast products as it provides an effective alternative to reduce vehicle weight in order to meet increasingly strict fuel economy standards. The die casting market is expected to benefit from significant growth in global demand for vehicle production, in large part due to the rising popularity of electric vehicles.

Accordingly, the automotive parts die casting segment makes up a significant portion of Maxop's revenue profile across domestic and export sales. Maxop is also a supplier of fully machined precision components, and diversifies its revenue mix by catering to general engineering product segments in the non-automotive sector with applications such as air conditioning and food processing machine parts. Maxop has also recently undertaken multiple expansion projects, including acquiring land and initiating the construction of a new plant dedicated to manufacturing aluminum extrusion products, primarily catering to its existing customer base in the automotive sector. The new plant is expected to commence operations in fiscal year 2027.

The outlook for the automotive market for 2025 remains subdued amid concerns over international trade, as well as persistent production and project delays, owing to geopolitical conflicts impacting supply chains. Recent discussions over U.S. Tariffs also have the potential to increase manufacturing costs and further alter supply chains for global trading partners, which could result in reduced demand if costs are passed onto customers. While the U.S. is focusing on protectionist policies, in the short term they are expected to remain reliant on specific components from Asian suppliers that are not yet manufactured locally. Maxop continues to focus on increasing market share by acquiring new customers and securing contracts with existing customers, and carefully evaluating its infrastructure expansion plans to ensure increased capacity is supported by customer demand.

Despite the muted operating environment, Maxop has successfully pursued new contracts and part nominations from prominent customers, and remains focused on key initiatives including improving operational and manufacturing processes with a focus on cost optimization, and expanding manufacturing facilities to serve regions and industries with significant growth potential.

Maxop continues to monitor its material sourcing amid persistent global supply chain issues, and mitigates its exposure to volatility in input prices through its in-house aluminum processing plants, which transform scrap metal to aluminum ingots for its aluminum die casting and machinery supply segment.

Valuation and Interim Consolidated Financial Statement Impact

At June 30, 2025 the company held a 67.0% equity interest in Maxop (December 31, 2024 - 67.0%), and its internal valuation model indicated that the fair value of the company's investment in Maxop was $98,797 (December 31, 2024 - $97,176).

Investment in Global Aluminium Private Limited

Business Overview

Global Aluminium Private Limited ("Global Aluminium"), a private company located in Hyderabad, India, is an aluminum extrusions manufacturer with in-house capabilities to produce anodized and powder-coated aluminum products. Global Aluminium operates from two manufacturing facilities located in India with total production and value-addition capacity of approximately 65,000 metric tons.

Key Business Drivers, Events and Risks

Global Aluminium's key business drivers relate to the wide ranging application of aluminum extrusion products, particularly for premium industrial uses across diverse industries including architecture, aeronautics, electronics and electrical, and automotive sectors. As environmental concerns have increased in recent years, demand for aluminum products has particularly grown in the building and construction, automotive and renewable energy industries. A push towards electric vehicles and tightening fuel efficiency standards have increased the usage of aluminum in the automotive industry.

Global Aluminium has invested in design capabilities which allows it to focus on industrial customers with requirements for complex profiles subject to high value addition processes. Additionally, Global Aluminium has developed a reputation for high quality products with minimal defects, quick turnaround times and highly responsive after-sales service. Global Aluminium's current strategic initiatives include technological upgrades to improve efficiency and customization capabilities, increasing production capacity, and expanding export revenues and value-added services by hiring sales representatives in the U.S., Europe, and Australia.

The uncertainty surrounding U.S. Tariffs remains a challenge for Global Aluminium as European countries and the U.S. have reported a slowdown in the consumption of aluminum extrusions. Restrictions of Russian metals entering the U.S. markets through European suppliers have resulted in excess supply of aluminum in Europe and the ongoing developments between the U.S. and China have resulted in Chinese exporters competing more heavily in the European and Australian markets. Global Aluminium intends to focus on increasing domestic sales, developing value-added services, and specialty segments with significant supply shortages to mitigate the impacts of U.S. Tariffs.

Valuation and Interim Consolidated Financial Statement Impact

On October 11, 2024 Fairfax India completed the acquisition of an effective 65.0% equity interest in Global Aluminium for $82,729 (7.0 billion Indian rupees). The transaction requires Global Aluminium to merge with its wholly-owned subsidiary, which is expected to be completed by the end of 2025.

At June 30, 2025 the company held an effective 65.0% equity interest in Global Aluminium (December 31, 2024 - 65.0%) and its internal valuation model indicated that the fair value of the company's investment in Global Aluminium was $81,809 (December 31, 2024 - $81,237).

Investment in Jaynix Engineering Private Limited

Business Overview

Jaynix Engineering Private Limited ("Jaynix"), a private company based in Gujarat, India, is a manufacturer of non-ferrous electrical connectors and electrical assemblies, and is a critical Tier 1 supplier to major electrical original equipment manufacturers in North America and Europe.

Key Business Drivers, Events and Risks

Jaynix's key business drivers relate to its ability to grow its customer base and product offerings in North America and Europe while maintaining high product quality. Jaynix leverages its low-cost manufacturing operations across five manufacturing plants in India to cater to markets in North America and Europe, and has in-house capabilities to design products and scale its manufacturing production capacities. Its current growth initiatives involve increasing production capacity and developing new products, including Jaynix-branded lugs and neutral bars. Accordingly, two new factory buildings are under construction and expected to commence operations in 2025, and investments have been made to upgrade existing machinery and acquire new machinery, including the recent purchase of specialized sheet metal machinery to meet customer demand for complete product assemblies. Jaynix is also currently evaluating options to expand its manufacturing presence to North America.

Jaynix is able to maintain its competitive advantage as the requirement for specific certifications presents a barrier to entry for other competitors seeking to enter the North American and European markets, while Jaynix's management has operational expertise in obtaining and maintaining these certifications. During 2024, an additional certification lab was added to support business growth and capacity expansions. Jaynix is able to maintain stable product margins as raw material costs (including aluminum, which is the primary raw material used by Jaynix), are passed through to the customer.

The recent developments surrounding U.S. Tariffs combined with high interest rates principally affecting the home and distributions markets, have resulted in an overall slowdown in consumption in the U.S., leading to lower demand from customers. Jaynix continues to monitor its operating environment and anticipates that current conditions will prevail until there is further clarity around the U.S. Tariffs. Jaynix's competitors, while based in the U.S., also import raw material or finished goods and may be similarly impacted. Additionally, Jaynix's high production capacity and low-cost manufacturing operations continue to be significant competitive advantages, as its U.S. competitors will require investments in technology and a longer lead time to scale operations and reduce labour costs.

Valuation and Interim Consolidated Financial Statement Impact

At June 30, 2025 the company held a 70.0% equity interest in Jaynix (December 31, 2024 - 70.0%), and its internal valuation model indicated that the fair value of the company's investment in Jaynix was $79,507 (December 31, 2024 - $81,577).

Investment in Saurashtra Freight Private Limited

Business Overview

Saurashtra Freight Private Limited ("Saurashtra"), a private company located in Mumbai, India, operates one of the largest container freight stations ("CFS") at Mundra port, in addition to a second CFS at the nearby Kandla port. Services provided by Saurashtra's CFS include transportation of containers to and from the port, stuffing and destuffing of containers, cargo storage, and the storage, maintenance and repair of empty containers. Saurashtra's subsidiary, Fairfreight Lines Private Limited ("Fairfreight Lines"), focuses on services for container shipping, offering integrated logistics solutions to its customers by providing containers to importers and exporters to transport cargo.

Key Business Drivers, Events and Risks

Saurashtra measures the operating performance of its CFS business based on the utilization of its standard twenty-foot (shipping container) equivalent units ("TEUs") relative to total installed capacity, and total import and export container traffic in the market. In the second quarter of 2025, Saurashtra's CFS located in Mundra handled 36,142 TEUs (2024 - 32,305 TEUs), compared to quarterly installed capacity of 57,900 TEUs, implying utilization of approximately 62% (2024 - 56%). Saurashtra is the second largest CFS at the Mundra port in terms of total throughput, imports and exports, achieving a 13% total market share for the quarter ended June 30, 2025. The CFS industry at Mundra port is highly fragmented with 14 CFS, many of which are inefficient and operating below capacity, providing Saurashtra with the opportunity to benefit from industry consolidation.

In October 2024, Saurashtra became the operator of a second CFS at the nearby Kandla port. In the second quarter of 2025, Saurashtra's Kandla port CFS handled 4,966 TEUs, compared to quarterly installed capacity of 16,500 TEUs, implying utilization of approximately 30%.

The CFS import and export markets in India demonstrated steady container traffic during the second quarter of 2025. As India is one of the fastest growing economies, growth is forecasted for India's ports for the remainder of 2025, with the port of Mundra in particular expected to see increases in both total tonnage and container throughput, driven by growing exports and domestic demand. Saurashtra continues to focus on gaining market share and increasing capacity through offering comprehensive packages to shipping lines and evaluating expansion projects.

Fairfreight Lines has experienced improved financial results and profitability compared to the prior year due to an improved business outlook, and continues to focus on maintaining profitability through cost optimization and flexible inventory allocation. Saurashtra's imports and exports are primarily comprised of cargo shipped within Asia, minimizing their exposure to volatility related to the U.S.

Valuation and Interim Consolidated Financial Statement Impact

At June 30, 2025 the company held a 51.0% equity interest in Saurashtra (December 31, 2024 - 51.0%) and its internal valuation model indicated that the fair value of the company's investment in Saurashtra was $60,824 (December 31, 2024 - $54,688).

In the second quarter and first six months of 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in Saurashtra of $489 and $980. The company did not receive dividend income from Saurashtra during the second quarter and first six months of 2025.

Subsequent to June 30, 2025

On July 24, 2025, the company received dividends from Saurashtra of approximately $1.8 million (153.0 million Indian rupees).

Investment in National Commodities Management Services Limited

Business Overview

National Commodities Management Services Limited ("NCML"), a private company located in Gurugram, India, is an integrated agriculture value chain solutions provider, with services including grain procurement, storage and preservation, testing and certification, collateral management, and commodity and weather intelligence. NCML also operates silos constructed under concession agreements with the Food Corporation of India ("FCI"), and a non-banking financial company which focuses on rural and agri-business financing.

Key Business Drivers, Events and Risks

NCML's key business drivers relate to its ability to achieve long term modernization of its grain storage facilities, the expansion of its commodity management solutions line of business with adjacent services, and the successful construction and operation of silo projects under the concession agreements with the FCI. At June 30, 2025, six of NCML's silo projects were operational, and one remaining silo project is expected to be completed in 2025. Between 2020 and 2023 NCML and FCI agreed to terminate nine out of the sixteen original silo projects due to inability to procure suitable land and other construction-related challenges. The delayed completions have additionally led to certain penalties imposed by the FCI which have temporarily restricted the profitability on operational silos.

Market conditions for the Indian agriculture business are influenced by several factors, including weather conditions, crop production and demand, and government policy. In an effort to safeguard and strengthen domestic food security and moderate food prices, the Indian government implemented export restrictions on certain agricultural crops and imposed stock limits on wheat for wholesalers, retailers and processors. The above factors have generally led to lower commodity deposits into storage facilities. However, the outlook for food inflation has recently improved with substantial seasonal correction in vegetable prices and higher production estimates, which may support the ease of restrictions. NCML has closely monitored market demand in order to optimize its warehousing capacity and utilization, resulting in improved operating margins.

NCML's overall business growth continues to be constrained by funding limitations, therefore NCML has focused on strengthening its liquidity. Additional capital may also be released through the sale of excess land parcels and warehouse assets, and the scaling down of businesses with less favourable risk-reward characteristics.

Valuation and Interim Consolidated Financial Statement Impact

NCML Common Shares

At June 30, 2025 the company held a 91.0% equity interest in NCML (December 31, 2024 - 91.0%), and its internal valuation model indicated that the fair value of the company's equity investment in NCML was $43,742 (December 31, 2024 - $44,250).

NCML Non-convertible Debentures

In 2023 the company invested $24,013 (2.0 billion Indian rupees) in 9.47% unsecured non-convertible debentures ("NCML NCD"), due November 8, 2028.

At June 30, 2025 the company's interest and dividends receivable included a carrying value of $2,547 (December 31, 2024 - $2,212) related to interest accrued on the NCML NCD since January 1, 2024. To help alleviate NCML's liquidity challenges due to delays in asset monetizations, the company allowed NCML to defer interest payments on the NCML NCD due December 31, 2024 by up to 18 months.

At June 30, 2025 the fair value of the company's investment in the NCML NCD was $23,321 (including a deferred loss of $2,646) (December 31, 2024 - $23,361, including a deferred loss of $2,965), and is presented within Other Indian Fixed Income in the table disclosed earlier in the Summary of Indian Investments section.

Investment in India Housing Fund

Business Overview

India Housing Fund ("IH Fund") is a closed-ended fund of 360 ONE Private Equity Fund registered as a Category II Alternative Investment Fund ("AIF") under SEBI AIF Regulations. IH Fund is a fund incorporated to focus on investing in India's real estate sector by investing in equity, debt and equity-linked instruments of real estate and construction companies involved in projects or ventures with expected growth potential.

At June 30, 2025 IH Fund had invested approximately $87 million at period end exchange rates (7.5 billion Indian rupees) in 5 real estate sector investments.

Key Business Drivers, Events and Risks

The Indian real estate sector is a key growth driver of the country's economy and one of the largest employment generators in India. This sector is estimated to reach a value between $5 trillion and $7 trillion by 2047, with a possibility of surpassing $10 trillion. Indian real estate attracted $2.9 billion during the first quarter of 2025, marking an increase of 74% year over year, and demonstrating robust investor confidence in the Indian real estate market. Inflows were primarily driven by developer activity, and heightened interest from real estate investment trusts and institutional investors. Investment activity in Indian real estate is expected to maintain a positive trajectory through 2025.

Valuation and Interim Consolidated Financial Statement Impact

At June 30, 2025 the company estimated the fair value of its investment in IH Fund was $7,826 (December 31, 2024 - $9,590).

During the second quarter and first six months of 2025 the company received distributions of $1,635 and $1,720 (2024 - nil and $884) from IH Fund, and in the second quarter and first six months of 2025 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IH Fund of $274 and $340 (2024 - nil and $711).

Results of Operations

Fairfax India's consolidated statements of earnings (loss) for the three and six months ended June 30 are shown in the following table:

	Second quarter		First six months	
	2025	**2024**	**2025**	**2024**
Income				
Interest	1,814	4,730	5,010	9,768
Dividends	274	489	3,272	7,538
Net realized gains on investments	83	101,400	699	218,324
Net change in unrealized gains (losses) on investments	330,883	183,812	108,021	(227,115)
Net foreign exchange gains (losses)	(2,129)	364	1,116	(12)
	330,925	290,795	118,118	8,503
Expenses				
Investment and advisory fees	10,643	10,122	20,042	19,606
General and administration expenses	1,363	2,108	3,011	4,644
Interest expense	7,232	6,381	13,987	12,761
	19,238	18,611	37,040	37,011
Earnings (loss) before income taxes	311,687	272,184	81,078	(28,508)
Provision for income taxes	33,128	18,037	13,986	10,554
Net earnings (loss)	278,559	254,147	67,092	(39,062)
Attributable to:				
Shareholders of Fairfax India	278,113	254,142	66,889	(39,362)
Non-controlling interests	446	5	203	300
	278,559	254,147	67,092	(39,062)
Net earnings per basic and diluted share	$ 2.06	$ 1.88	$ 0.50	$ (0.29)

The key components of results of operations for the second quarter and first six months of 2025 (with comparisons to the second quarter and first six months of 2024, except as otherwise noted) included the following:

Net change in unrealized gains on investments of $330,883 and $108,021 in the in the second quarter and first six months of 2025 (2024 - net change in unrealized gains on investments of $183,812 and net change in unrealized losses on investments of $227,115) were principally driven by changes in market prices of Public Indian Investments and fair values of Private Indian Investments determined using industry accepted valuation techniques and models, in addition to reversals of prior period unrealized gains upon sales. For more information on Indian Investments, see the Indian Investments section of this MD&A. For further analysis of the changes in fair value of Indian Investments for the second quarters and first six months of 2025 and 2024, refer to note 5 (Indian Investments) to the interim consolidated financial statements for the three and six months ended June 30, 2025.

Net realized gains on investments of $83 and $699 in the second quarter and first six months of 2025 principally related to gains on the sale of Government of India bonds. Net realized gains on investments of $101,400 in the second quarter of 2024 principally related to sales of common shares of NSE and CSB Bank, and settlement of the IIFL Finance forward derivative upon completion of the IIFL Finance Rights Offer. Net realized gains on investments of $218,324 in the first six months of 2024 included additional realized gains from sales of NSE.

Interest income of $1,814 and $5,010 decreased from $4,730 and $9,768 principally as a result of decreased holdings of Government of India bonds.

Dividends of $274 in the second quarter of 2025 were comprised of dividends received from IH Fund compared to dividends received of $489 in the second quarter of 2024 from Saurashtra. Dividend income of $3,272 in the first six months of 2025 was comprised of dividends received from IIFL Capital and IH Fund compared to $7,538 in the first six months of 2024 primarily comprised of dividends received from IIFL Capital, IIFL Finance, IH Fund, and Saurashtra.

Total expenses of $19,238 and $37,040 increased from $18,611 and $37,011, primarily due to increased interest expense related to the letter of credit for the Additional BIAL Investment delivered on February 20, 2025, and higher investment and advisory fees, partially offset by lower general and administration expenses principally as a result of lower brokerage fees incurred.

Provision for income taxes of $33,128 and $13,986 in the second quarter and first six months of 2025 (2024 - $18,037 and $10,554) primarily reflected deferred income taxes recognized as a result of net unrealized gains on the company's investments in equity shares acquired or spun out subsequent to April 1, 2017, in addition to withholding taxes on dividends and interest income. Refer to note 9 (Income Taxes) to the interim consolidated financial statements for the three and six months ended June 30, 2025.

Consolidated Balance Sheet Summary

The company's consolidated balance sheet at June 30, 2025 (with comparisons to December 31, 2024, except as otherwise noted) was primarily comprised of the following:

Total Assets

Total assets at June 30, 2025 of $3,873,083 (December 31, 2024 - $3,630,780) were principally comprised as follows:

Cash and cash equivalents decreased to $20,216 at June 30, 2025 from $59,322 at December 31, 2024 principally due to the first installment payment of the Additional BIAL Investment, payment of interest on the company's $500,000 principal, 5.0% unsecured senior notes ("Unsecured Senior Notes") and letter of credit fees under the Revolving Credit Facility, payment of investment and advisory fees, and purchases of subordinate voting shares for cancellation, partially offset by the net sales of Government of India bonds, and receipt of dividend and interest income.

Bonds and Common stocks - The company is actively seeking investment opportunities in India and will continue to redirect capital from its cash and cash equivalents and Government of India bonds into Indian Investments as and when those opportunities are identified. For more information about recent Indian Investments, see the Indian Investments section of this MD&A. For more information on the company's total cash and investments holdings of $3,869,154 at June 30, 2025 (December 31, 2024 - $3,621,035) see note 6 (Cash and Investments) to the interim consolidated financial statements for the three and six months ended June 30, 2025.

Interest and dividends receivable decreased to $3,173 at June 30, 2025 from $8,849 at December 31, 2024, principally due to the receipt of dividends receivable related to Seven Islands of $5,548 which was accrued at December 31, 2024.

Total Liabilities and Equity

Total liabilities at June 30, 2025 of $853,938 (December 31, 2024 - $673,518) were principally comprised as follows:

Accrued interest expense of $9,004 at June 30, 2025 (December 31, 2024 - $8,611) was comprised of accrued interest expense for the Unsecured Senior Notes, which are due in semi-annual installments, and accrued letter of credit fees under the Revolving Credit Facility.

Income taxes payable of $844 at June 30, 2025 decreased from $5,379 at December 31, 2024, and was primarily comprised of a provision relating to a prior year tax assessment for which partial payments were made during the first six months of 2025.

Payable to related parties of $10,572 at June 30, 2025 (December 31, 2024 - $10,099) was comprised of investment and advisory fees payable to Fairfax. At June 30, 2025 and December 31, 2024 the company determined that no performance fee accrual was required related to the fourth calculation period.

Payable for securities purchased of $170,850 at June 30, 2025 (December 31, 2024 - nil) was comprised of the second and third installment payments related to the Additional BIAL Investment to be paid in the third quarters of 2025 and 2026, respectively.

Deferred income taxes increased to $163,039 at June 30, 2025 from $149,780 at December 31, 2024 primarily as a result of deferred taxes recognized resulting from unrealized gains on the company's investments in CSB Bank, IIFL Capital and Seven Islands, partially offset by the reversal of prior period deferred taxes recognized due to unrealized losses on the company's investment in Fairchem Organics.

Borrowings increased to $498,610 at June 30, 2025 from $498,349 at December 31, 2024 as a result of the amortization of issuance costs related to the Unsecured Senior Notes.

Total equity at June 30, 2025 of $3,019,145 (December 31, 2024 - $2,957,262) was comprised of common shareholders' equity of $2,888,397 (December 31, 2024 - $2,826,495) and non-controlling interests of $130,748 (December 31, 2024 - $130,767). Refer to note 8 (Total Equity) to the interim consolidated financial statements for the three and six months ended June 30, 2025 for further details.

Financial Risk Management

The primary goals of the company's financial risk management program are to ensure that the outcomes of activities involving elements of risk are consistent with the company's objectives and risk tolerance, while maintaining an appropriate balance between risk and reward and protecting the company's consolidated balance sheets from events that have the potential to materially impair its financial strength. There were no significant changes in the types of the company's risk exposures or the process used by the company for managing those risk exposures at June 30, 2025 compared to those identified at December 31, 2024 and disclosed in the company's 2024 Annual Report, other than as outlined in note 10 (Financial Risk Management) to the interim consolidated financial statements for the three and six months ended June 30, 2025.

Capital Resources and Management

For a detailed analysis, refer to note 10 (Financial Risk Management, under the heading Capital Management) to the interim consolidated financial statements for the three and six months ended June 30, 2025.

On February 14, 2025 the company amended the Revolving Credit Facility to increase its limit from $175,000 to $250,000, including the use of letters of credit. At June 30, 2025 the company had $170,850 (December 31, 2024 - nil) in letters of credit issued and outstanding, and an available limit of $79,150 (December 31, 2024 - $175,000) under the Revolving Credit Facility. Refer to note 7 (Borrowings) to the interim consolidated financial statements for further details on the company's borrowings.

Liquidity

For a detailed discussion on short term and long term liquidity requirements and sources of liquidity, refer to note 10 (Financial Risk Management, under the heading Liquidity Risk) to the interim consolidated financial statements for the three and six months ended June 30, 2025.

Highlights in the first six months of 2025 (with comparisons to the first six months of 2024) of major components of the statements of cash flows are presented in the following table:

	First six months	
	2025	**2024**
Operating activities		
Cash used in operating activities excluding the impact of net sales (purchases) of investments	(25,441)	(132,144)
Net sales of short term investments	—	510
Purchases of investments	(87,660)	(262,813)
Sales of investments	76,002	264,175
Cash used in operating activities	(37,099)	(130,272)
Financing activities		
Purchases of subordinate voting shares for cancellation	(437)	(3,621)
Cash used in financing activities	(437)	(3,621)
Decrease in cash and cash equivalents during the period	(37,536)	(133,893)

"Cash used in operating activities excluding the impact of net sales (purchases) of investments" provides a measure of cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, performance fees, investment and advisory fees, interest expense, current income taxes and general and administration expenses, and excludes the impact of purchases and sales of investments. Cash used in operating activities excluding the impact of net sales (purchases) of investments of $25,441 in the first six months of 2025 decreased from $132,144 in the first six months of 2024 primarily due to the settlement of performance fees of $110,158 relating to the third calculation period in March 2024, partially offset by higher income tax payments and lower interest income.

Purchases of investments of $87,660 in the first six months of 2025 related to the first installment payment on the Additional BIAL Investment and purchases of Government of India bonds. Purchase of investments of $262,813 in the first six months of 2024 related to purchases of Government of India bonds and IIFL Finance common shares.

Sales of investments of $76,002 in the first six months of 2025 primarily related to sales of Government of India bonds and redemption of Other Indian Fixed Income. Sales of investments of $264,175 in the first six months of 2024 primarily related to proceeds received from sales of NSE and Government of India bonds. Net proceeds relating to the sale of investments in CSB Bank were received by the company on July 2, 2024.

Purchases of subordinate voting shares for cancellation of $437 in the first six months of 2025 (2024 - $3,621) related to the company's purchases for cancellation of 28,758 subordinate voting shares under the terms of the normal course issuer bid (2024 - 246,062).

Contractual Obligations

The company's contractual obligations principally relate to its borrowings, fees due to Fairfax under the terms of the Investment Advisory Agreement, and installment payments related to the Additional BIAL Investment as discussed in the Indian Investments section of this MD&A. Refer also to note 7 (Borrowings) and note 11 (Related Party Transactions) to the interim consolidated financial statements for the three and six months ended June 30, 2025 for further details on borrowings and fees due to Fairfax.

Other

Quarterly Data (unaudited)

US$ thousands, except per share amounts	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Income (loss)	330,925	(212,807)	2,824	88,724	290,795	(282,292)	206,380	185,125
Expenses	19,238	17,802	18,367	18,462	18,611	18,400	46,833	38,351
Provision for (recovery of) income taxes	33,128	(19,142)	15,444	32,950	18,037	(7,483)	22,794	13,789
Net earnings (loss)	278,559	(211,467)	(30,987)	37,312	254,147	(293,209)	136,753	132,985
Net earnings (loss) attributable to shareholders	278,113	(211,224)	(35,782)	33,971	254,142	(293,504)	134,968	132,954
Net earnings (loss) per share	$ 2.06	$ (1.57)	$ (0.27)	$ 0.25	$ 1.88	$ (2.17)	$ 1.00	$ 0.97
Net earnings (loss) per diluted share	$ 2.06	$ (1.57)	$ (0.27)	$ 0.25	$ 1.88	$ (2.17)	$ 1.00	$ 0.93

Indian rupees and in millions, except per share amounts (1)	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Income (loss)	28,602	(18,433)	261	7,403	24,151	(23,443)	17,133	15,281
Expenses	1,647	1,542	1,551	1,547	1,553	1,528	3,890	3,169
Provision for (recovery of) income taxes	2,862	(1,658)	1,303	2,751	1,500	(621)	1,893	1,141
Net earnings (loss)	24,093	(18,317)	(2,593)	3,105	21,098	(24,350)	11,350	10,972
Net earnings (loss) attributable to shareholders	24,054	(18,296)	(2,995)	2,827	21,098	(24,374)	11,200	10,968
Net earnings (loss) per share	178.42	(135.69)	(22.19)	20.92	156.11	(180.06)	82.68	80.37
Net earnings (loss) per diluted share	178.42	(135.69)	(22.19)	20.92	156.11	(180.06)	82.68	76.82

(1) Presented in the company's functional currency.

Forward-Looking Statements

This interim report may contain forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may relate to the company's or an Indian Investment's future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of the company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities of the company, an Indian Investment, or the Indian market are forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate” or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “will be taken”, “occur” or “be achieved”.

Forward-looking statements are based on our opinions and estimates as of the date of this interim report and they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the following factors: oil price risk; geographic concentration of investments; potential lack of diversification; foreign currency fluctuation; volatility of the Indian securities markets; investments may be made in foreign private businesses where information is unreliable or unavailable; valuation methodologies involve subjective judgments; financial market fluctuations; pace of completing investments; minority investments; reliance on key personnel and risks associated with the Investment Advisory Agreement; disruption of the company's information technology systems could significantly affect the company’s business; lawsuits; use of leverage; significant ownership by Fairfax may adversely affect the market price of the subordinate voting shares; trading price of subordinate voting shares relative to book value per share risk; weather risk; taxation risks; emerging markets; legal, tax and regulatory risks; MLI; economic risk; reliance on trading partners; and economic disruptions from conflicts in Ukraine and the Middle East and the development of other geopolitical events and economic disruptions worldwide. Additional risks and uncertainties are described in the company's annual information form dated March 7, 2025 which is available on SEDAR+ at www.sedarplus.ca and on the company's website at www.fairfaxindia.ca. These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the company. These factors and assumptions, however, should be considered carefully.

Although the company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The company does not undertake to update any forward-looking statements contained herein, except as required by applicable securities laws.

Glossary of Non-GAAP and Other Financial Measures

Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included in this interim report, which have been used consistently and disclosed regularly in the company's Annual Reports and interim financial reporting, do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies.

Supplementary Financial Measures

Book value per share – The company considers book value per share a key performance measure in evaluating its objective of long term capital appreciation, while preserving capital. This measure is also closely monitored as it is used to calculate the performance fee, if any, to Fairfax. This measure is calculated by the company as common shareholders' equity divided by the number of common shares outstanding. Those amounts are presented in the consolidated balance sheet and note 8 (Total Equity, under the heading Common Stock) respectively within the interim consolidated financial statements for the three and six months ended June 30, 2025.

Cumulative interest and dividends – The company uses this measure to monitor cash flows generated from interest and dividend income for each Indian Investment. This measure is calculated by the company as the sum of interest and dividend income recorded and received over the period of the company's investment.

Compounded annualized return – The company uses this measure to assess the performance of its investments. This measure represents the U.S. dollar annualized internal rate of return and is calculated for each of the company’s existing and monetized Indian Investments, taking into account (i) the timing of cash flows (including cash consideration of purchases, cash proceeds on sales, cumulative interest and dividends received, and return of capital distributions) over the period of the company’s investment, and (ii) the fair value at the end of the reporting period for existing Indian Investments.

Non-GAAP Financial Measures

Cash used in operating activities excluding the impact of net sales (purchases) of investments – The company uses this measure to monitor the cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, performance fees, investment and advisory fees, interest expense, current income taxes and general and administration expenses, and excludes the impact of purchases and sales of investments. This measure is a component of cash provided by (used in) operating activities as presented in the consolidated statement of cash flows within the interim consolidated financial statements for the three and six months ended June 30, 2025.

Cash and marketable securities – The company uses this measure to monitor short term liquidity risk. This measure is calculated by the company as the sum of cash, cash equivalents, short term investments and Government of India bonds. Those amounts are presented in note 6 (Cash and Investments) within the interim consolidated financial statements for the three and six months ended June 30, 2025.

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