



DHANDHO HOLDINGS, L.P.

***INDEPENDENT AUDITORS' REPORT
AND
AUDITED FINANCIAL STATEMENTS***

December 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the General Partner of
Dhandho Holdings, L.P.:

Report on the Financial Statements

We have audited the financial statements of Dhandho Holdings, L.P. (the "Partnership"), which comprise the statement of financial position, including the schedule of investment as of December 31, 2015, and the related statement of operations, changes in partners' capital and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Partnership's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



To the General Partner of
Dhandho Holdings, L.P.
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dhandho Holdings, L.P. as of December 31, 2015, and the results of its operations, changes in its partners' capital and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As explained in Note 3, the financial statements include an investment in Dhandho Holdings Corp. in the amount of \$93.7 million whose value has been determined by the General Partner in the absence of readily ascertainable market value. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The detail information of limited partners' capital as of December 31, 2015 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BDO Puerto Rico, P.S.C.

San Juan, Puerto Rico

April 26, 2016

Certified Public Accountants
(of Puerto Rico)

License No. 53 expires December 1, 2018
Stamp E195699 of the P.R. Society of
Certified Public Accountants has been
affixed to the file copy of this report



DHANDHO HOLDINGS, L.P.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	<u>2015</u>
ASSETS	
Investment in Dhandho Holdings Corp at fair value (cost \$111,336,158)	\$ 93,729,143
Cash	20,262
Due from affiliates	<u>37,025</u>
Total assets	<u>\$ 93,786,430</u>
LIABILITIES AND PARTNERS' CAPITAL	
LIABILITIES:	
Due to affiliates	20,000
Accounts payable	2,550
Total liabilities	<u>22,550</u>
PARTNERS' CAPITAL:	
General Partner	-
Limited Partners - net contributed capital	112,164,472
Less - Accumulated net loss	<u>(18,400,592)</u>
Total partners' capital	<u>93,763,880</u>
Total liabilities and partners' capital	<u>\$ 93,786,430</u>

The accompanying notes are an integral part of these financial statements.



**DHANDHO HOLDINGS, L.P.
SCHEDULE OF INVESTMENT
DECEMBER 31, 2015**

Type of Investment	Investment	Cost	Fair Value	Unrealized Depreciation on Investment	Fair Value as a Percentage of Partners' Capital	Fair Value as a Percentage of Investments
Dhandho Holdings Corp.	Common stock (736 units)	\$ 111,336,158	\$ 93,729,143	\$ (17,607,015)	100%	100%

The accompanying notes are an integral part of these financial statements.



DHANDHO HOLDINGS, L.P.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>
OPERATING EXPENSES:	
Professional fees	\$ 6,412
Salary expense	263
Other general and administrative	39,471
Total expenses	<u>46,146</u>
 LOSS BEFORE UNREALIZED DEPRECIATION ON INVESTMENT	 (46,146)
 UNREALIZED DEPRECIATION ON INVESTMENT	 <u>(17,607,015)</u>
 NET LOSS	 <u>\$ (17,653,161)</u>

The accompanying notes are an integral part of these financial statements.



DHANDHO HOLDINGS, L.P.
STATEMENT OF CHANGES IN PARTNERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>General Partner</u>	<u>Limited Partners</u>	<u>Total</u>
Balance at January 1, 2015	\$ -	\$ 111,417,041	\$ 111,417,041
Decrease in Partners' Capital from operations -			
Net loss	-	(17,653,161)	(17,653,161)
Partners' Capital as of December 31, 2015	<u>\$ -</u>	<u>\$ 93,763,880</u>	<u>\$ 93,763,880</u>

The accompanying notes are an integral part of these financial statements.



DHANDHO HOLDINGS, L.P.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	\$ (17,653,161)
Adjustments to reconcile net loss to cash used in operating activities:	
Unrealized depreciation on investment	17,607,015
Changes in operating assets and liabilities:	
Due from affiliate	(4,448)
Accrued expenses	1,849
Total adjustments	<u>17,604,416</u>
Net cash used in operating activities and decreased in cash	(48,745)
CASH, beginning of year	69,007
CASH, end of year	<u>\$ 20,262</u>

The accompanying notes are an integral part of these financial statements.



**DHANDHO HOLDINGS, L.P.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

1. REPORTING ENTITY

Dhandho Holdings, L.P. (the "Partnership"), is a limited partnership organized in December 2013, pursuant to the laws of the State of Delaware. The purpose of the Partnership is to make equity investments in privately and publicly held businesses. In February 2014, the Partnership had its first closing with total contributed capital of \$112,165,000, approximately.

The affairs of the Partnership are managed by its general partner, Dhandho GP, LLC (the "General Partner"), a limited liability company organized under the laws of the State of California. The General Partner is a subsidiary of Dalal Street, LLC, an investment adviser registered with the U.S. Securities and Exchange Commission. Dalal Street, LLC and the General Partner are both controlled by Mohnish Pabrai, Managing Partner. The General Partner has the overall responsibility for the management of the Partnership and provides portfolio management and administrative services. The General Partner will be paid a Management Fee, as described in note 5.

Also, the Managing Partner, Mohnish Pabrai, holds an indirect interest in the Partnership through an Individual Retirement Account ("IRA") under the name of Ms. Harina Kapoor, Mr. Pabrai's spouse. Ms. Kapoor made a contribution of \$187,600 to the IRA, which is invested in Dhandho Holdings Offshore, Ltd. The latter is an offshore feeder fund company incorporated under the laws of the British Virgin Islands that made a capital contribution of \$37,250,866 to the Partnership.

The Limited Partnership Agreement (the "Agreement") provides for one class of Limited Partners Interest which corresponds to the dollar amount of the Limited Partner's investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Partnership, which conform to accounting principles generally accepted in the United States of America ("GAAP") and practices in the venture capital and private equity industry, include the following:

Basis of Presentation

The Partnership uses the accrual method of accounting for financial reporting purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires the General Partner to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ significantly from those estimates.



**DHANDHO HOLDINGS, L.P.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Cash and Cash Equivalents

The Partnership considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2015 there are no cash equivalents.

Valuation of Investment

The Partnership values its investment in Dhandho Holdings Corp ("Dhandho Corp") at fair value as determined in good faith by the General Partner in accordance with the Partnership's valuation policy and FASB Accounting Standard Codification 820 ("ASC 820"). Because of inherent uncertainty of valuations, estimated values may differ significantly from the values that would have been used had a ready market for the investment existed, and the difference could be material.

Income Taxes

For U.S. federal and state tax purposes, Partnership taxable income or loss is reported by the partners individually. Accordingly, no income tax provision or benefit has been included in the accompanying financial statements.

The Partnership is subject to routine tax audits by the Internal Revenue Service ("IRS") and state tax agencies. However, there are currently no audits for any tax period in progress. The Partnership remains subject to income tax examinations for fiscal year 2014 and 2015.

Recent Accounting Standard Updates

During the year ended December 31, 2015, the Financial Accounting Standards Board ("FASB") issued accounting standard updates that were not relevant to the Partnership's operations.

3. INVESTMENT IN DHANDHO HOLDINGS CORP.

As of December 31, 2015, the Partnership owns 73.31% of the outstanding common stock of Dhandho Corp with an estimated market value of approximately \$93.7 million. Dhandho Corp is a corporation organized under the laws of the Commonwealth of Puerto Rico on October 31, 2014 for the purpose of investing in private and public enterprises. Effective December 31, 2014, Dhandho Corp acquired 100% of the outstanding common stock of Stonetrust Commercial Insurance Company through its parent company Stonetrust Holding Company and Stonetrust Management Services LLC (collectively referred as "Stonetrust") for approximately \$35 million. Stonetrust is organized in the State of Louisiana and is engaged in providing workers compensation insurance.



DHANDHO HOLDINGS, L.P.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

The Partnership values this investment at fair value as determined in good faith by the General Partner in accordance with the Partnership's valuation policy and ASC 820. The Partnership determines the fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. The Partnership's valuation policy considers the fact that no readily available market exists for its investment and that fair value for its investment must typically be determined using unobservable inputs.

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels, based on the reliability of fair value inputs as follows:

- *Level 1* - Unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. Valuation on these instruments does not necessitate a significant degree of judgment since valuations are based on quoted prices that are readily available in an active market.
- *Level 2* - Quoted prices other than those included in Level 1 that are observable either directly or indirectly. Level 2 inputs include:
 - a. Quoted prices for similar assets or liabilities in active markets
 - b. Quoted prices for identical or similar assets or liabilities in markets that are not active
 - c. Inputs other than quoted prices that are observable for the asset or liability
 - d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- *Level 3* - Inputs that are unobservable and significant to the fair value measurement. These are used only for measuring fair value when observable inputs are not available, or where there is very low activity in the market for the asset or liability at measurement date.

The level in the fair value hierarchy in which the measurement falls is determined based on the lowest level input that is meaningful to the entire fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The investment in Dhandho Corp is classified in Level 3.



DHANDHO HOLDINGS, L.P.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

The following table summarizes the changes in assets presented at fair value using Level 3 inputs:

	Only Level 3 Instruments - December 31, 2015					
	Balance at January 1, 2015	Purchases	Sales/Calls Redemptions	Realized Gain	Unrealized Gain/(Loss)	Transfers in and/or Out of Level 3
Common Stock Dhandho Holdings Corp	\$ 111,336,158	\$ -	\$ -	\$ -	\$ (17,607,015)	\$ -
						\$ 93,729,143

The following table presents the qualitative unobservable inputs used to value Level 3 investments at December 31, 2015:

Investment	Fair Value	2015	
		Valuation Technique	Unobservable Input
Common stock Dhandho Holdings Corp	\$ 93,729,143	Transaction Amount	Not applicable

Major assets of Dhandho Corp at December 31, 2015, consist of cash, common stock and its investment in Stonetrust. During the year ended December 31, 2015, the General Partner valued the investment in Dhandho Corp based on the unit price from a sale of Partnership units between two unrelated parties. The Partnerships' units were originally issued at \$10 per unit, while this sale was completed at \$8.36 per unit; resulting in an unrealized depreciation on the investment of \$17,607,015. The General Partner believes that the decrease in value is due to losses incurred by Dhandho Corp related principally to a realized loss on a sale of certain common stocks.

4. PARTNERS' CAPITAL

As of December 31, 2015, the Partnership had received capital contribution from the Limited Partners totaling \$112,165,000, approximately. As stated in the Agreement, the General Partner, acting in its capacity as such, is not required to make any capital contributions to the Partnership on account of its General Partner Interest.

Allocations of net increase/decrease in Partners' Capital to partners are made in accordance with the Agreement, which calls for such allocations to be generally proportional to contributed capital. As more fully described in the Agreement, the allocation will be first, 100% to the Limited Partners until the allocation equals the aggregate of their respective capital contributions to the Partnership. After this first condition is met, net increases in Partners' capital will be allocated 90% to the Limited Partners, pro rata in accordance with their respective capital contributions, and 10% to the General Partner, which is referred as the General Partner's "Carried Interest". The General Partner, subject to certain conditions included in the Agreement, may determine when to distribute or to retain realized gains on investments.



**DHANDHO HOLDINGS, L.P.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

5. RELATED PARTY TRANSACTIONS

The Partnership is a member of a group of affiliated companies and has transactions and relationships with members of the group. Because of these relationships, it is possible that the terms of those transactions are not the same as those that would result from transactions among wholly unrelated parties.

The General Partner charges a management fee in consideration for the services it provides to the Partnership. In general, the annual management fee is an amount set by the General Partner, not to exceed 1% of the aggregate amount of capital contributions of all Limited Partners. A total of \$38,379 management fees were paid during the first three months of the year. Subsequently, the General Partner did not make any more charges to the Partnership, but makes the charges indirectly to Dhandho Corp.

6. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Partnership enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Partnership's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Partnership that have not yet occurred. However, based on experience, the Partnership expects the risk of loss to be remote.

7. RISKS

The Partnership's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The significant types of financial risks to which the Partnership is exposed include, but are not limited to market risk, liquidity risk, credit risk and other additional risks. Certain aspects of those risks are addressed below.

Market Risk

Market risk encompasses the potential for both losses and gains and includes price risk, and interest rate risk.

Price Risk/Nature of investment

The Partnership's investments are long-term and highly illiquid and there is no assurance that the Partnership will achieve its investment objectives including targeted returns. Due to the illiquidity of the investments, valuation of the assets may be difficult, as there generally will be no established markets for these assets. As the Partnership's financial instruments are carried at fair value with fair value changes recognized in the Statement of Operations, all changes in market conditions will directly affect the net asset value of the Partnership.



DHANDHO HOLDINGS, L.P.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

The Partnership expects to invest in companies that have a potential to generate a stable cash flow. Particularly in insurance companies which carry certain risks specific to that industry which includes underwriting exposure and regulatory risks.

Interest Rate Risk

The Partnership and the Partnership's portfolio companies may invest in fixed income securities and/or debt. Any change to the interest rates relevant for particular securities may result in the inability to secure similar returns on the expiration of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the value of the fixed interest securities will decline. A decline in interest rates will in general have the opposite effect.

Liquidity Risk

The portfolio companies in which the Partnership expects to make investments will initially be privately held. As a result, there will be no readily available secondary market for the Partnership's interests in such portfolio companies, and those interests will be subject to legal restrictions on transfer. Therefore, there is no assurance that the Partnership will be able to realize liquidity for such investments in a timely manner, if at all.

Credit Risk

The Partnership and its portfolio companies may include the acquisition of debt securities. Investment portfolios with debt securities are subject to credit risk. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument. Securities that are rated by rating agencies are often reviewed and may be subject to downgrade, which generally results in a decline in the market value of such security.

8. FINANCIAL HIGHLIGHTS

The following financial ratios for the year ended December 31, 2015 has been computed based on upon the limited partners' capital of the Partnership.

Operating expenses	<u>0.04%</u>
Net decrease in partners capital resulting from operations	<u>15.70%</u>



DHANDHO HOLDINGS, L.P.
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DECEMBER 31, 2015

During the year ended December 31, 2015 the Partnership did not issue Limited Partners participation. The amount invested by limited partners in prior years was used to acquire 736 units of common stock in Dhandho Corp, a corporation organized under the laws of the Commonwealth of Puerto Rico. This investment is stated at fair value as determined in good faith by the General Partner in absence of readily ascertainable market value.

The expenses consist of general administrative expenses. No dividends were declared by Dhandho Corp during the year ended December 31, 2015.

9. SUBSEQUENT EVENTS

The Partnership evaluated subsequent events through April 26, 2016, the date the financial statements were available to be issued and determined no events occurred that required further disclosure.



SUPPLEMENTARY INFORMATION



DHANDHO HOLDINGS, L.P.
DETAILED SCHEDULE OF LIMITED PARTNERS
DECEMBER 31, 2015

Partner No	No of Units	Capital Contribution	Accumulated Net Loss	Balance December 31, 2015
5002	100,000	\$ 1,000,000	\$ (164,133)	\$ 835,867
5003	100,000	1,000,000	(164,133)	835,867
5004	10,000	100,000	(16,377)	83,623
5005	50,000	500,000	(82,067)	417,933
5006	100,000	1,000,000	(164,133)	835,867
5007	52,061	520,606	(85,379)	435,227
5008	100,000	1,000,000	(164,133)	835,867
5009	46,800	468,000	(76,730)	391,270
5010	150,000	1,500,000	(246,016)	1,253,984
5011	150,000	1,500,000	(246,016)	1,253,984
5012	142,500	1,425,000	(233,688)	1,191,312
5013	200,000	2,000,000	(328,083)	1,671,917
5014	300,000	3,000,000	(492,216)	2,507,784
5015	100,000	1,000,000	(164,133)	835,867
5016	200,000	2,000,000	(328,083)	1,671,917
5017	100,000	1,000,000	(164,133)	835,867
5018	100,000	1,000,000	(164,133)	835,867
5019	100,000	1,000,000	(164,133)	835,867
5020	15,000	150,000	(24,657)	125,343
5021	100,000	1,000,000	(164,133)	835,867
5022	100,000	1,000,000	(164,133)	835,867
5023	200,000	2,000,000	(328,083)	1,671,917
5024	50,000	500,000	(82,067)	417,933
5025	50,000	500,000	(82,067)	417,933
5026	300,000	3,000,000	(492,216)	2,507,784
5027	500,000	5,000,000	(820,298)	4,179,702
5028	85,000	850,000	(139,476)	710,524
5029	50,000	500,000	(82,067)	417,933
5030	130,000	1,300,000	(213,263)	1,086,737
5031	100,000	1,000,000	(164,133)	835,867
5032	100,000	1,000,000	(164,133)	835,867
5033	50,000	500,000	(82,067)	417,933
5034	10,000	100,000	(16,377)	83,623
5035	10,000	100,000	(16,377)	83,623
5036	100,000	1,000,000	(164,133)	835,867
5037	100,000	1,000,000	(164,133)	835,867
5038	100,000	1,000,000	(164,133)	835,867
5039	100,000	1,000,000	(164,133)	835,867
5040	125,000	1,250,000	(204,983)	1,045,017

Continues



DHANDHO HOLDINGS, L.P.
DETAILED SCHEDULE OF LIMITED PARTNERS
DECEMBER 31, 2015

Continued

Partner No	No of Units	Capital Contribution	Accumulated Net Loss	Balance December 31, 2015
5041	100,000	\$ 1,000,000	\$ (164,133)	\$ 835,867
5042	100,000	1,000,000	(164,133)	835,867
5043	200,000	2,000,000	(328,083)	1,671,917
5044	100,000	1,000,000	(164,133)	835,867
5045	100,000	1,000,000	(164,133)	835,867
5046	100,000	1,000,000	(164,133)	835,867
5047	50,000	500,000	(82,067)	417,933
5048	100,000	1,000,000	(164,133)	835,867
5049	100,000	1,000,000	(164,133)	835,867
5050	100,000	1,000,000	(164,133)	835,867
5051	50,000	500,000	(82,067)	417,933
5052	500,000	5,000,000	(820,298)	4,179,702
5053	100,000	1,000,000	(164,133)	835,867
5054	100,000	1,000,000	(164,133)	835,867
5055	100,000	1,000,000	(164,133)	835,867
5056	100,000	1,000,000	(164,133)	835,867
5057	100,000	1,000,000	(164,133)	835,867
5058	50,000	500,000	(82,067)	417,933
5059	100,000	1,000,000	(164,133)	835,867
5060	50,000	500,000	(82,067)	417,933
5061	100,000	1,000,000	(164,133)	835,867
5062	50,000	500,000	(82,067)	417,933
5063	25,000	250,000	(41,033)	208,967
5064	100,000	1,000,000	(164,133)	835,867
5065	10,000	100,000	(16,377)	83,623
5066	30,000	300,000	(49,130)	250,870
5067	100,000	1,000,000	(164,133)	835,867
5068	50,000	500,000	(82,067)	417,933
5069	100,000	1,000,000	(164,133)	835,867
5070	100,000	1,000,000	(164,133)	835,867
5071	50,000	500,000	(82,067)	417,933
5072	3,725,087	37,250,866	(6,107,894)	31,142,972
Total	11,216,447	\$ 112,164,472	\$ (18,400,592)	\$ 93,763,880