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Management & Technology Consultants
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BERKSHIRE HATHAWAY INC.
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RADIOLOGIX
fibrek
Budget
posco
Sears
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FAIRFAX
FINANCIAL HOLDINGS LIMITED
LEAR
CORPORATION
BYD
SONAE CAPITAL
Freddie Mac
PotashCorp
E.W. Blanch
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Brookfield Infrastructure Partners
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CRESUD

PROGRESSIVE
HARVEST
FMG
FORTESCUE
UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.
DR. REDDY'S
Silicon Valley Bank
COVANTA
Interactive Brokers
FRONTLINE
CANADIAN OIL SANDS TRUST
EXIDE
Stewart Enterprises, Inc.
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RYOYO
stamps.com
impark
Leucadia National Corporation
Brookfield Residential
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PABRAI INVESTMENT FUNDS

Annual Report 2014

PABRAI INVESTMENT FUNDS

2014 Annual Report

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Dear Partners & Investors:

In 2014 all three funds significantly underperformed the market. The three benchmark indices were up 10-15%, while the funds were up a paltry 0.9% to 1.9%. Our focus, however, is not on single year results. So, while this information is interesting, I pay no heed to it. I simply do not think about whether we'll beat the market next quarter, next year or even over the next couple of years. My interest has always been on long-term compounding.

Any investment manager ought to be measured over long time frames. Which is why, in the tables below, we only list 5-year, 10-year and life-of-fund numbers. And for the first time in nearly 16 years, we have underperformed one of the three benchmark indices (the Nasdaq) over 5 years and 10 years. The life-of-fund number, representing 15½ years for PIF2, in sharp contrast has outperformed the best of the three benchmarks by over 11% annualized.

PIF2 vs. The Indices

How did we end up with these results? Well, Pabrai Fund results have always been lumpy. For example in 2009, PIF2 was up 122.5% (versus 45.4% for the best index). That year is not in these 5-year numbers. And in 2003, PIF2 was up over 104% (versus 51% for the best index). That year is not in the 10-year numbers. I believe future lumpiness will work in our favor.

For what it's worth, over 10 years, PIF2 did outperform the S&P 500 and the Dow (up 7.9% and 7.7% annualized). It did worse than the Nasdaq composite, but the Nasdaq would have been quite a dumb index to hitch one's wagon to. Over the last fifteen years, its performance has been a big fat zero. And not just a simple zero. From March 2000 through October 2002, it lost 78% of its value (from over 5000 to under 1140). Then from March 2009 through March 2015, it went from 1293 to over 5000. While PIF2 is up nearly 11 fold in the last 15½ years, the Nasdaq is not even a double.

Nonetheless, we ought to beat all three indices over the long haul. Such sub-par results are likely to be a rarity at Pabrai Funds in the future.

PIF2 vs. The Indices

Fund	5 Years	10 Years	Since Inception (7/1/99)
PIF2	**13.1%**	**8.6%**	**16.7%**
Best Index	**17.3%**	**9.3%**	**5.6%**

Note: All numbers are annualized - net to investors after all fees and expenses

Various indices are included for reference. Reference to an index or benchmark does not imply that the strategy will achieve returns, experience volatility, or have other results similar to the index. As an example, the Funds may invest in foreign securities or fixed income instruments; however the indices presented only include U.S. securities. These indices are purely a basket of stocks and the Funds may invest in securities other than stocks such as bonds, warrants and preferred stocks. The Funds may experience notably different volatility and return characteristics from these indices.

A $100,000 investment in PIFI at inception on July 1, 1999 and rolled over into PIF2 on 12/31/02 ($197,900) was worth $1,098,600 as of December 31, 2014 (net to investors). This equates to an annualized return of 16.7% since inception – after all management fees and expenses. The best index over the same period was the Dow and an investment of $100,000 in the DJIA on July 1, 1999 was worth $233,800 on December 31, 2014 – an annualized gain of 5.6%. The Dow gains include reinvested dividends.

PIF3 vs. The Indices

PIF3 has done a little better. It beat the Dow and the S&P 500 over 5 years, 10 years and since inception. It soundly trounced the Nasdaq over the last 14 years as well. However, it did underperform the erratic Nasdaq over the last 5 years and 10 years. We will fix that in the next few years.

PIF3 vs. The Indices

Fund	5 Years	10 Years	Since Inception (2/1/02)
PIF3	**15.8%**	**8.8%**	**13.2%**
Best Index	**17.3%**	**9.3%**	**8.3%**

Note: All numbers are annualized - net to investors after all fees and expenses

Various indices are included for reference. Reference to an index or benchmark does not imply that the strategy will achieve returns, experience volatility, or have other results similar to the index. As an example, the Funds may invest in foreign securities or fixed income instruments; however the indices presented only include U.S. securities. These indices are purely a basket of stocks and the Funds may invest in securities other than stocks such as bonds, warrants and preferred stocks. The Funds may experience notably different volatility and return characteristics from these indices.

A $100,000 investment in PIF3 at inception on February 1, 2002 was worth $496,100 as of December 31, 2014 (net to investors). This equates to an annualized return of 13.2% since inception. The best index over the same period was the Nasdaq and an investment of $100,000 in the Nasdaq on February 1, 2002 was worth $279,700 on December 31, 2014 – an annualized gain of 8.3%. The Nasdaq gains include reinvested dividends.

PIF4 vs. The Indices

Over 10 years and since inception, PIF4 has outperformed the Dow and the S&P 500 after all fees and expenses. Like PIF2 and PIF3, it did underperform the Nasdaq over the last 5 and 10 years, but I fully expect its 5-year number to again blow past the best index in the years ahead.

PIF4 vs. The Indices

Fund	5 Years	10 Years	Since Inception (10/1/03)
PIF4	**14.0%**	**8.5%**	**9.6%**
Best Index	**17.3%**	**9.3%**	**10.3%**

Note: All numbers are annualized - net to investors after all fees and expenses

Various indices are included for reference. Reference to an index or benchmark does not imply that the strategy will achieve returns, experience volatility, or have other results similar to the index. As an example, the Funds may invest in foreign securities or fixed income instruments; however the indices presented only include U.S. securities. These indices are purely a basket of stocks and the Funds may invest in securities other than stocks such as bonds, warrants and preferred stocks. The Funds may experience notably different volatility and return characteristics from these indices.

A $100,000 investment in PIF4 at inception on October 1, 2003 was worth $280,300 as of December 31, 2014 (net to investors). This equates to an annualized gain of 9.6% since inception. The best index over the same period was the Nasdaq and an investment of $100,000 in the Nasdaq on October 1, 2003 was worth $300,500 on December 31, 2014 – an annualized gain of 10.3%. The Nasdaq gains include reinvested dividends.

The Current Portfolio

A well-diversified portfolio needs just four stocks.

- Charlie Munger

Pabrai Funds does not invest over 10% of assets (at cost) in a single idea. In spite of this rule, as I pen this letter, over 49% of our assets are in just two positions. And the top three positions (plus our 10% cash) make up over 71% of the pie. Our fortunes are very much tied to the market's assessment of these businesses and our cash usage in the years ahead. We have never ever been this concentrated – and I have never ever been more bullish on our future prospects. I know these businesses very well – and their intrinsic value is meaningfully above present stock prices. It bodes well for our future. This dog will hunt!

Post-mortems

As is our tradition, I'd like to share a post-mortem with you, i.e., a stock Pabrai Funds has fully exited. Post-mortems serve as important datapoints for investors to better understand Pabrai Funds' modus operandi. This year, the only fully

exited stock that hasn't previously been discussed is Goldman Sachs. And there is some rich information to share with you on Goldman.

Goldman Sachs

We invested in Goldman Sachs on three separate occasions over the last seven years at differing valuations and for different reasons. Let's call them Goldman 1.0, 2.0 and 3.0.

Goldman Sachs 1.0

First Bought on:	12/3/2008 for $63.92/share
Last Sold on:	8/7/2014 for $170.68/share
Avg. Buy Price:	$64.24
Avg. Sell Price:	$151.22
Total Amount Invested:	$7.1 million
Total Proceeds:	$16.8 million
Annualized Return:	+18.7%

135.4% realized gain over an average holding period of five years.

Since 1999, I have spent a week nearly every year on the Harvard Business School campus in Boston attending the YPO Harvard Presidents' Seminar. It has been a wonderful, life-altering experience. The seed of the idea for Pabrai Funds was planted at HBS in 1999. Over the years, I have had plenty of interaction with HBS students and alums. Each year HBS graduates 900 MBAs – and the average HBS grad is not a slouch. Goldman ends up with a disproportionate number of the very, very top performing HBS grads. Trust me, these guys and gals have ultra-high horsepower Ferrari engines! They are the crème de la crème. And this is repeated at various elite universities and business schools globally. It is no wonder that Goldman alums have gone on to become treasury secretaries, Fortune 500 CEOs, hedge fund managers, you name it. Even Mario Draghi, the EU's chief central banker, is a Goldman alum.

For an investment bank, talent matters. And Goldman has the most talented workforce in the entire investment banking space. No other bank is even close. While it has had plenty of stumbles over the years, in the end, it is simply the best of the best in its industry.

(As an aside, a couple of wonderful books on the history of Goldman Sachs include *Goldman Sachs: The Culture of Success* by Lisa Endich and *The Partnership: The Making of Goldman Sachs* by Charles Ellis.)

The negative with investment banks is the tug of war between employees and shareholders on who keeps the spoils. I-bankers get paid very well and shareholders can be left holding the bag. What pushed me over the edge to finally make

the investment in Goldman Sachs was that, in Sept. 2008, Berkshire Hathaway had invested $5 billion in a private deal to shore up confidence in the i-bank. Berkshire received warrants that had a strike price of $115, while I was being offered Goldman stock at under $65. The shameless cloner in me pounced at the opportunity.

Goldman's book value at the time was $88/share. And historically, it had mostly traded in a range of two to four times book value. I figured we'd exit in a few years at multiples of the present stock price. It was a no-brainer. Every business they have – banking, asset management, trading, etc. typically generates very high returns on invested capital. Other than leverage and the compensation issue, this is a fabulous, fabulous business.

I was drowning in investment ideas in December 2008 and there was very limited cash. But this was also a highly leveraged financial institution. And leverage cuts both ways. So, I ended up limiting the Goldman investment to 3.5% of assets.

In Q3 2014, I needed cash for another idea. The stock was well above book at $170. It had been nearly six years. It was a nice ride and we exited.

Goldman Sachs 2.0

Goldman Sachs 2.0 is all about our misadventures with tax loss selling.

Goldman Sachs 2.0

First Bought on:	6/24/11 for $131.59/share
Last Sold on:	12/20/11 for $89.27/share
Avg. Buy Price:	$102.59
Avg. Sell Price:	$89.00
Total Amount Invested (2011):	$30.0 million
Total Proceeds (2011):	$26.0 million
Total Amount Invested (Jan. 2012):	$31.5 million
Total Proceeds (Sept. 2012):	$32.3 million
Cumulative Loss:	$3.2 million
Loss %:	-9.0%
Annualized Loss:	-6.1%

In June 2011, Goldman was trading at around 1.1x book value. The book value was virtually guaranteed to grow and 1.1x was simply too low for a franchise like Goldman. I anticipated a double or more in 2-3 years. By December 2011,

the shares were changing hands at $89/share. So, I decided to capture the tax loss and buy the stock back in 31 days. We captured a tax loss of $4 million, which helped reduced realized gains for PIF2 and PIF4 investors in 2011.

Then on January 20, 2012 (exactly 31 days later), we bought back our entire position. And it cost us $31.5 million to do that. Goldman's stock had moved against us (quite significantly) in those 31 days. In September 2012, we fully sold these shares for $32.3 million. We sold because there were other opportunities that looked far more compelling (and which have risen substantially more than Goldman has since then). These are some of the drawbacks of tax loss selling. Over the years, Pabrai Funds is significantly ahead due to tax loss selling, but sometimes it works against us.

Goldman Sachs 3.0

Goldman Sachs 3.0 is about how these 2011 Goldman buys would have played out if there were no tax considerations. Our offshore fund, PIF3, makes decisions with no regard for taxes and does not engage in tax loss selling.

Goldman Sachs 3.0 (PIF3)

First Bought on:	6/24/11 for $131.57/share
Last Sold on:	7/30/14 for $175.24/share
Avg. Buy Price:	$107.13
Avg. Sell Price:	$152.63
Total Amount Invested (2011):	$11.0 million
Total Proceeds (2012-14):	$15.7 million
Gain/(Loss):	$4.7 million
Gain/(Loss):	42.3%
Average Holding Period:	1.5 years
Annualized Return:	26.8%

PIF3 never ever sold a single share of Goldman Sachs below its cost basis. And it ended up with very acceptable gains. I finally fully exited Goldman from all the funds because we needed cash for redemptions as well as alternative investment ideas that looked more promising. Goldman continues to be a bullet-proof franchise, albeit one where a lot more checks and balances have been imposed on it. Goldman's intrinsic value is now likely closer to 2x book value (versus 4x book value) due to all the additional capital and regulatory requirements that have been imposed since the financial crisis.

Between 2008 and 2012, we invested $53.6 million in Goldman Sachs and received proceeds of $64.8 million. I would have preferred a better outcome, but a positive result is always acceptable.

Our Ultra-Low Expense Ratio

All three funds have among the lowest expense ratios of any mutual fund or hedge fund. The funds charge no management fees. The only expenses paid by investors are third-party audit, accounting, administration, tax preparation and SEC filing fees. These fees are listed in the (included) fund audit reports.

These expenses in 2014 were 0.07%, 0.05% and 0.03% of assets for the three funds respectively. A year ago, these ratios were 0.06%, 0.06% and 0.04%. And two years ago, these ratios were 0.12%, 0.10% and 0.05%. I am very proud of these numbers. The frictional cost of investing in the funds are now as low as 3 basis points. I am not aware of any hedge fund, mutual fund or ETF with expenses as low as Pabrai Funds.

There are two facets to beating the indices. The first is to have low frictional costs. And the second is to generate superior returns. Frictional costs can be a significant drag on performance and I'm proud of our ultra-low cost operation that has delivered excellent returns.

(Note: In our audit reports, the number will appear higher than the aforementioned. This is because commissions charged by the US branch of our India brokerage firm for stock trades have been categorized as administrative expenses.)

Alignment of Interests

My immediate family has a stake of 246,335 units of PIF2, 8,417 units of PIF3, 1,064,972 units of PIF4; and about 33,000 units of PIF4 in a retirement account. In addition, the administrative team at Pabrai Funds owns about 1,300 units of PIF4 and about 5,900 units of PIF3 in various retirement accounts. The aggregate stake in Pabrai Funds of the Pabrai family and staff at Pabrai Funds is worth about $51 million.

Pabrai Funds charges no management fee, just performance fees – which are ¼ of the returns over 6% annualized (subject to high-water marks). I only get paid when you make money. When you win, I win. I am very bullish on the long-term future of Pabrai Funds – as demonstrated by my being the second largest investor in the funds. In Q1, two of the three funds (PIF3 and PIF4) reached performance fee earning territory and a collective $550,000 in fees were paid.

Besides my $9 million investment in Dhandho Holdings, my family and I have no other meaningful interests in any other mutual funds, hedge funds or private equity funds. Our interests are completely aligned.

PIF2, PIF4 are Closed to New Investors. PIF3 is open

As a reminder, while PIF2 and PIF4 are closed to new investors (and additions from existing investors), PIF3 is open to new money from existing or new investors at this time. PIF3 is our offshore fund for Accredited Investors and Institutions based outside the United States. To invest in PIF3, one needs to be a non-US accredited offshore investor, private foundation, endowment, or IRA.

The minimum investment to join PIF3 as a new partner is $2.5 million for individuals and $10 million for IRAs/Foundations/Endowments. For current investors, the minimum addition to their current investment is $25,000. The next opening is on May 1, 2015. If you are interested or would like more information, please contact Julie Teltscher or me at jteltscher@pabraifunds.com and mp@pabraifunds.com, respectively.

2014 Annual Meeting Transcript

The 2014 Annual Meeting transcript and presentation slides are posted on our website. The transcript is best read in conjunction with the presentation slides (the password to the video is "Warren"):

Here are the links to the transcript and slides:

http://www.pabraifunds.com/website/2014_PIF_AM_Transcript.pdf

https://vimeo.com/106862214

P.S: Turn up the volume!

An Exceptional Team

Julie, Lynn, Nickii, and Betsy are simply a delight to work with. In August 2014, Karen Adachi joined the team as well. She's great! I have nothing but praise for the crew at Liccar, and Mike Froy and Sam Schlessinger at Dentons. This year we moved our auditors from PricewaterhouseCoopers (PwC) Chicago to PricewaterhouseCoopers Cayman Islands. The move was requested and suggested by PwC Chicago as the Cayman team had more bandwidth versus Chicago. Along with our offshore legal advisors Conyers, Dill and Pearman, the Cayman PwC team is a pleasure to work with. Ajay Desai and his team at UBS is not only our prime broker and custodian, they are also very much a part of the team. I am blessed to be able to work with this exceptional group in Irvine, Chicago, BVI and the Cayman Islands. It makes my job a pure joy.

2015 Annual Meetings – Save the Date:

As is our usual modus operandi, there will be two annual meetings sequentially at Orange County, California & Chicago, Illinois.

The **California** meeting is scheduled to be on **Saturday, Sept. 12, 2015** at 4:00 PM. We are very pleased with our venue and will return to Soka University.

Soka University
Performing Arts Center
1 University Drive, Aliso Viejo, California 92656 Tel. +1949.480.4000

Soka University has a spectacular campus nestled in the scenic hills of Aliso Viejo. It is a 20 minute drive from Orange County Airport (SNA), and about an hour drive from LAX.

There is a fantastic Marriott Club Sport hotel about 3 miles from Soka University:

Marriott Renaissance ClubSport
50 Enterprise
Aliso Viejo, CA 92656
Reservations: 800-468-3571
Phone: 949-643-6700

There are many hotels in the area. Here is a link to other hotels near Soka University:

http://tinyurl.com/8dmevvu

The **Chicago** meeting is scheduled to be on **Saturday, Sept. 19, 2015** at 4:00 PM at**:**

Carlucci Restaurant
(The Auditorium)
6111 North River Road, Rosemont, Illinois 60018 Tel. +1847.518.0990

Carlucci's is a five minute taxi ride away from O'Hare airport. The Marriott Suites O'Hare and The Westin O'Hare are both next to the restaurant. In addition, there are a plethora of hotels in the vicinity. Good deals on O'Hare hotels are usually available on the major travel-related websites.

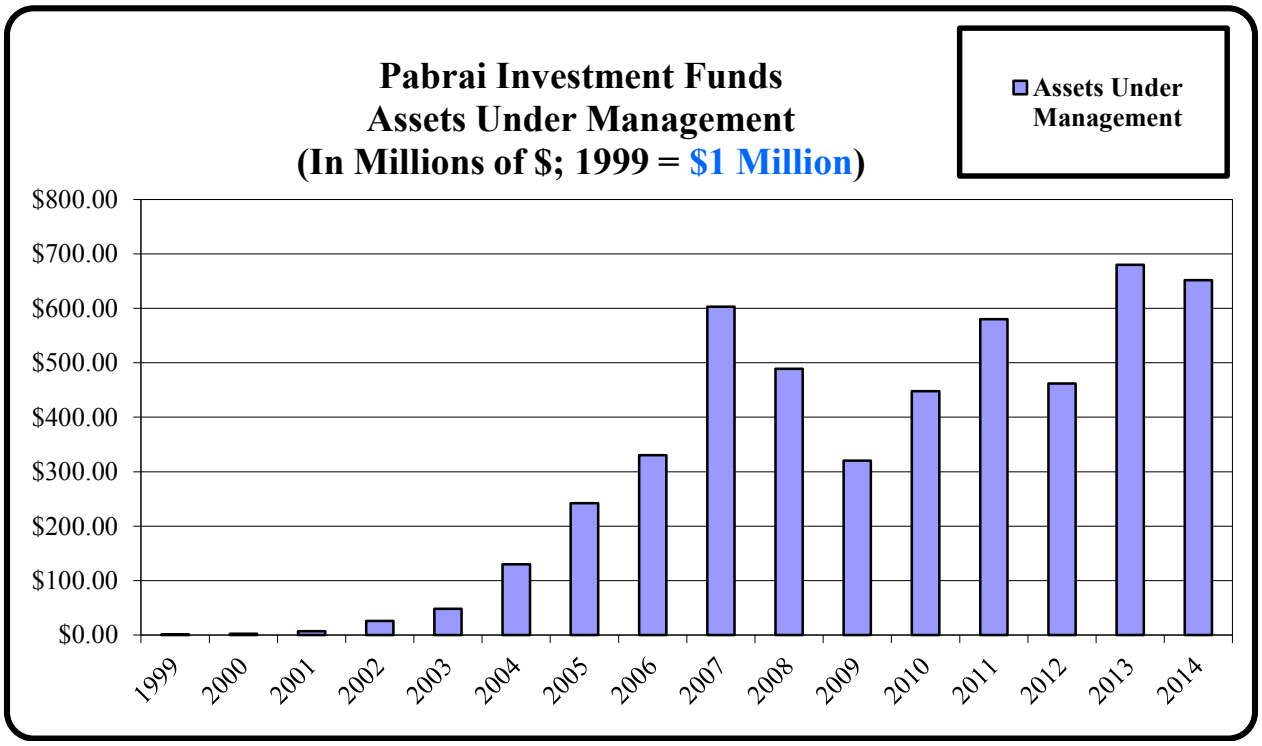
Agenda:

4:00 – 4:30 PM:	Meet and Greet
4:30 – 6:30 PM:	Presentation and Q&A
6:30 – 7:15 PM:	Cocktail Hour
7:15 PM:	Dinner

The invites will go out in July, 2015. Your significant other and kids of all ages are welcome to attend. I look forward to seeing you in September.

Assets Under Management

There is $652 million in assets under management between all the funds as of January 1, 2015.



Thanks for your continued interest, referrals and support. Feel free to call me at +1949.453.0609 or email me at mp@pabraifunds.com with any queries or comments.

Warm regards,



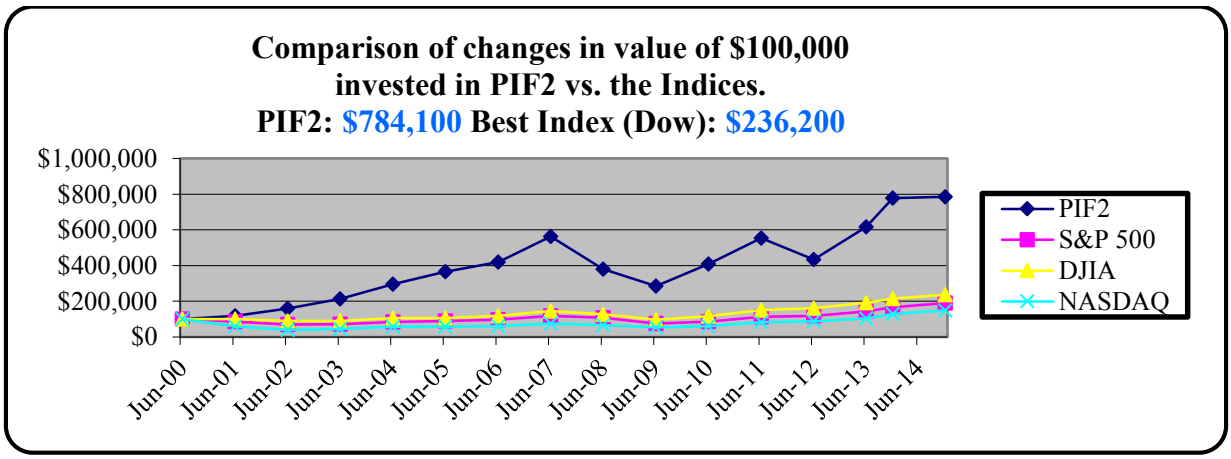
Mohnish Pabrai

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Appendix A

PABRAI INVESTMENT FUND 2 (US Accredited Investors) Performance Summary:

	DJIA	NASDAQ	S&P 500	PIF2 (net to investors)
10/1/00-6/30/01	-0.2%	-41.0%	-14.0%	+17.4%
7/1/01-6/30/02	-10.3%	-32.7%	-18.0%	+35.3%
7/1/02-6/30/03	-0.5%	+11.4%	+0.3%	+34.2%
7/1/03-6/30/04	+18.6%	+26.8%	+19.1%	+38.7%
7/1/04-6/30/05	+0.7%	+1.1%	+6.3%	+23.4%
7/1/05-6/30/06	+11.1%	+6.5%	+8.6%	+15.0%
7/1/06-6/30/07	+23.0%	+20.7%	+20.6%	+34.0%
7/1/07-6/30/08	-13.3%	-11.2%	-13.1%	-32.4%
7/1/08-6/30/09	-23.0%	-19.1%	-26.2%	-25.2%
7/1/09-6/30/10	+18.9%	+16.0%	+14.4%	+43.6%
7/1/10-6/30/11	+30.4%	+32.9%	+30.7%	+35.8%
7/1/11-6/30/12	+5.2%	+5.4%	+3.9%	-21.8%
7/1/12-6/30/13	+18.9%	+17.8%	+20.6%	+42.2%
7/1/13-6/30/14	+15.5%	+31.2%	+24.6%	+26.7%
1/1/14-12/31/14	+10.0%	+14.8%	+13.7%	+0.9%
Annualized	+6.2%	+2.8%	+4.6%	+15.5%
Cumulative	+136.2%	+47.9%	+89.0%	+684.1%

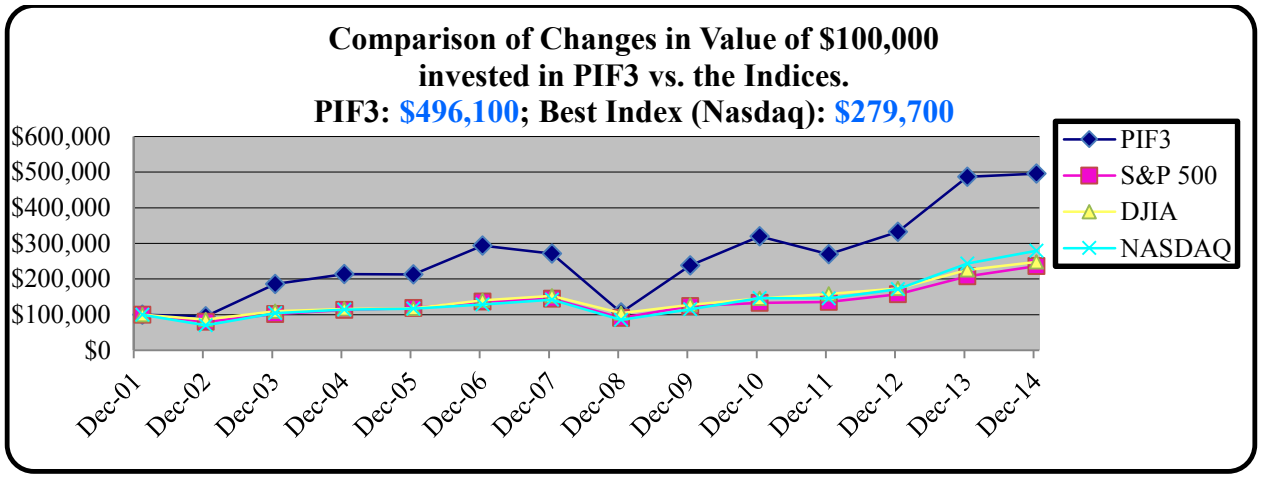


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Appendix B

PABRAI INVESTMENT FUND 3 (Offshore/IRA Investors) Performance Summary:

	DJIA	NASDAQ	S&P 500	PIF3 (net to investors)
2/1/02-12/31/02	-14.1%	-29.9%	-20.4%	-5.2%
1/1/03-12/31/03	+28.3%	+50.8%	+28.7%	+96.5%
1/1/04-12/31/04	+5.3%	+9.2%	+10.9%	+14.7%
1/1/05-12/31/05	+1.7%	+2.1%	+4.9%	-0.2%
1/1/06-12/31/06	+19.0%	+10.4%	+15.8%	+37.8%
1/1/07-12/31/07	+8.9%	+10.7%	+5.5%	-7.8%
1/1/08-12/31/08	-31.9%	-39.9%	-37.0%	-60.9%
1/1/09-12/31/09	+22.7%	+45.4%	+26.5%	+125.0%
1/1/10-12/31/10	+14.1%	+18.2%	+15.1%	+34.4%
1/1/11-12/31/11	+8.4%	-0.8%	+2.1%	-15.7%
1/1/12-12/31/12	+10.2%	+17.7%	+16.0%	+23.4%
1/1/13-12/31/13	+29.6%	+40.2%	+32.4%	+46.6%
1/1/14-12/31/14	+10.0%	+14.8%	+13.7%	+1.9%
Annualized	+7.3%	+8.3%	+6.9%	+13.2%
Cumulative	+147.9%	+179.7%	+136.1%	+396.1%

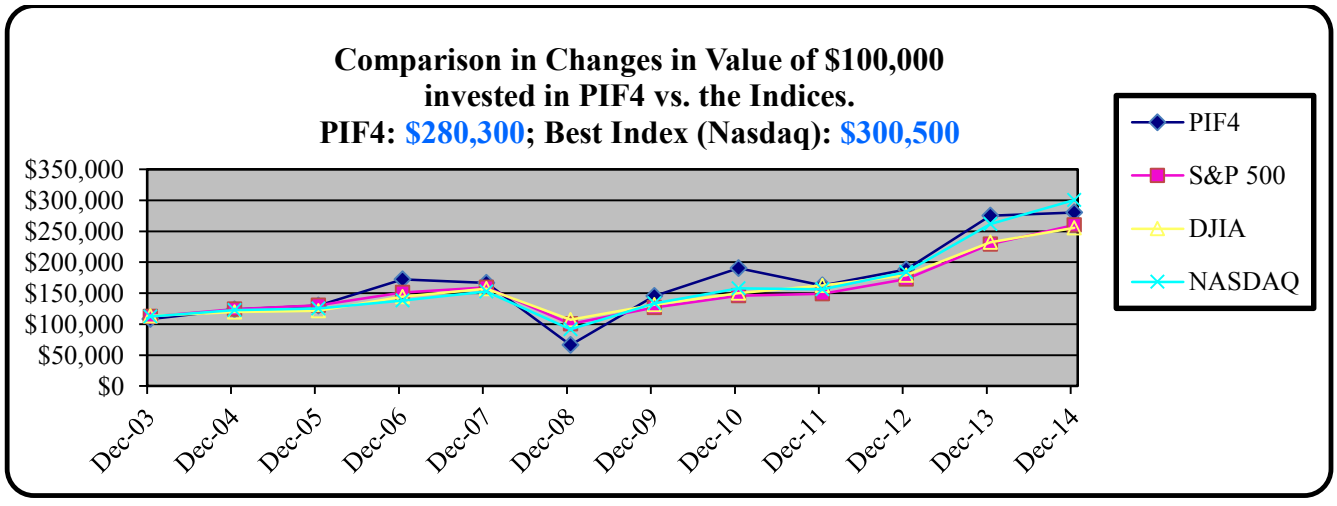


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Appendix C

PABRAI INVESTMENT FUND 4 (US Qualified Investors) Performance Summary:

	DJIA	NASDAQ	S&P 500	PIF4 (net to investors)
10/1/03-12/31/03	+13.4%	+12.3%	+12.2%	+8.4%
1/1/04-12/31/04	+5.3%	+9.2%	+10.9%	+14.4%
1/1/05-12/31/05	+1.7%	+2.1%	+4.9%	+4.9%
1/1/06-12/31/06	+19.0%	+10.4%	+15.8%	+32.4%
1/1/07-12/31/07	+8.9%	+10.7%	+5.5%	-3.4%
1/1/08-12/31/08	-31.9%	-39.9%	-37.0%	-60.0%
1/1/09-12/31/09	+22.7%	+45.4%	+26.5%	+118.8%
1/1/10-12/31/10	+14.1%	+18.2%	+15.1%	+30.7%
1/1/11-12/31/11	+8.4%	-0.8%	+2.1%	-14.8%
1/1/12-12/31/12	+10.2%	+17.7%	+16.0%	+16.1%
1/1/13-12/31/13	+29.6%	+40.2%	+32.4%	+46.0%
1/1/14-12/31/14	+10.0%	+14.8%	+13.7%	+1.8%
Annualized	+8.7%	+10.3%	+8.9%	+9.6%
Cumulative	+155.5%	+200.5%	+160.3%	+180.3%



Various indices are included for reference. Reference to an index or benchmark does not imply that the strategy will achieve returns, experience volatility, or have other results similar to the index. As an example, the Funds may invest in foreign securities or fixed income instruments; however the indices presented only include U.S. securities. These indices are purely a basket of stocks and the Funds may invest in securities other than stocks such as bonds, warrants and preferred stocks. The Funds may experience notably different volatility and return characteristics from these indices.

Appendix D

PIF2's Performance History (Net to Investors)

No. of Units	Date	PIF2 NAV
110,000	10/1/2000	$10.00
330,014	6/30/2001	$11.74
1,027,795	6/30/2002	$15.89
1,950,982	6/30/2003	$21.32
2,445,212	6/30/2004	$29.58
2,696,687	6/30/2005	$36.52
2,646,687	6/30/2006	$41.99
3,013,111	6/30/2007	$56.25
2,934,990	6/30/2008	$38.01
2,468,091	6/30/2009	$28.45
2,409,165	6/30/2010	$40.84
2,257,421	6/30/2011	$55.46
2,180,892	6/30/2012	$43.36
2,057,676	6/30/2013	$61.68
1,906,927	6/30/2014	$78.13
1795,006	12/31/2014	$78.41

PIF3's Performance History (Net to Investors)

No. of Units	Date	PIF3 NAV
65,100	2/1/2002	$10.00
265,919	12/31/2002	$9.48
485,041	12/31/2003	$18.63
1,774,753	12/31/2004	$21.37
2,478,793	12/31/2005	$21.32
2,930,608	12/31/2006	$29.37
6,438,615	12/31/2007	$27.09
5,415,189	12/31/2008	$10.57
5,038,658	12/31/2009	$23.79
4,885,267	12/31/2010	$31.95
4,701,613	12/31/2011	$26.92
4,318,818	12/31/2012	$33.21
4,384,591	12/31/2013	$48.70
4,290,222	12/31/2014	$49.61

PIF4's Performance History (Net to Investors)

No. of Units	Date	PIF4 NAV
595,030	10/1/2003	$10.00
1,219,330	12/31/2003	$10.84
5,627,712	12/31/2004	$12.40
9,314,803	12/31/2005	$13.01
11,528,331	12/31/2006	$17.23
16,899,746	12/31/2007	$16.64
15,737,042	12/31/2008	$6.66
15,725,066	12/31/2009	$14.57
15,251,129	12/31/2010	$19.05
14,493,713	12/31/2011	$16.24
12,398,564	12/31/2012	$18.85
11,560,683	12/31/2013	$27.53
10,641,808	12/31/2014	$28.03

Pabrai Investment Fund 2, L.P.

Financial Statements
June 30, 2014

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Independent Auditor's Report

To the General Partner of Pabrai Investment Fund 2, L.P.

We have audited the accompanying financial statements of Pabrai Investment Fund 2, L.P. (the "Fund"), which comprise the statement of assets, liabilities and partners' capital, including the condensed schedule of investments, as of June 30, 2014 and the related statements of operations, and of changes in partners' capital for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditor's 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 Fund'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 Fund'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pabrai Investment Fund 2, L.P. at June 30, 2014, and the results of its operations, and changes in its partners' capital and for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

August 15, 2014

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Pabrai Investment Fund 2, L.P.
Statement of Assets, Liabilities and Partners' Capital
June 30, 2014

Assets		
Cash	$	1,439,639
Investments, at fair market value (cost $96,011,526)		146,238,938
Due from broker for unsettled trades		1,121,907
Dividend receivable		301,608
Total assets		149,102,092
Liabilities		
Foreign dividend withholding tax payable		66,354
Accrued expenses		45,733
Total liabilities		112,087
Partners' capital		
Limited partners (1,660,593 units at $78.13 per unit)		129,743,635
General partner (246,334 units at $78.13 per unit)		19,246,370
Total partners' capital		148,990,005
Total liabilities and partners' capital	$	149,102,092

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

Pabrai Investment Fund 2, L.P.
Statement of Operations
Year Ended June 30, 2014

Income		
Dividend income (net of withholding tax of $66,354)	$	626,057
Securities lending income		191,198
Interest income		3,217
Total investment income		820,472
Expenses		
Professional fees		112,237
Management fee		10
Total operating expenses		112,247
Net investment income		708,225
Realized and unrealized gain (loss) from investments		
Net realized gain (loss)		21,431,203
Net change in unrealized appreciation		11,660,147
Net realized and unrealized gain from investments		33,091,350
Net increase in partners' capital resulting from operations	$	33,799,575

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

Pabrai Investment Fund 2, L.P.
Statement of Changes in Partners' Capital
Year Ended June 30, 2014

	General Partner	Limited Partners	Total
Balance, July 1, 2013	$ 15,193,122	$ 111,717,561	$ 126,910,683
Subscriptions	-	-	-
Redemptions (150,749 units)	-	(11,720,253)	(11,720,253)
Net increase in partners' capital from operations	4,053,248	29,746,327	33,799,575
Balance, June 30, 2014	$ 19,246,370	$ 129,743,635	$ 148,990,005

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

Pabrai Investment Fund 2, L.P.
Condensed Schedule of Investments
June 30, 2014

Shares		Value as a Percentage of Partners' Capital	Cost	Fair Market Value
	Equity Securities			
	United States			
	Banking			
343,000	Citigroup	10.84%	$ 10,025,922	$ 16,155,300
962,000	Bank of America Corp.	9.92%	6,819,790	14,785,940
	Total Banking	20.76%	16,845,712	30,941,240
	Natural Resources			
1,537,000	Horsehead Holding Corp.	18.84%	16,006,796	28,065,621
	Investment Banking	3.48%	1,981,525	5,190,640
	Energy	0.90%	827,708	1,336,440
	Automotive	0.02%	-	26,100
	Total United States	44.00%	35,661,741	65,560,041
	Italy			
	Automotive			
2,730,000	Fiat S.p.A	18.09%	13,605,661	26,949,396
	Total Italy	18.09%	13,605,661	26,949,396
	Korea			
	Iron & Steel			
213,000	Posco Spon ADR	10.64%	16,035,426	15,855,720
	Total Korea	10.64%	16,035,426	15,855,720
	India			
	Banking	1.50%	2,157,679	2,232,911
	Specialty Finance	0.44%	646,252	650,031
	Total India	1.94%	2,803,931	2,882,942
	Hong Kong			
	Travel, Lodging & Dining	0.45%	652,499	670,085
	Total Hong Kong	0.45%	652,499	670,085
	Total Equity Securities	75.12%	68,759,258	111,918,184
	Money Market Funds			
	United States			
12,093,498	UBS Select Prime Institutional Fund (0.02%)	8.12%	12,093,498	12,093,498
		8.12%	12,093,498	12,093,498
	Warrants			
	United States			
	Automotive			
1,196,653	**General Motors Co.** (Expires July 10, 2019)	14.91%	15,158,770	22,209,880
	Others	0.01%	-	17,376
	Total Warrants	14.92%	15,158,770	22,227,256
	Total Investments	98.16%	$ 96,011,526	$ 146,238,938

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

1. Organization

Pabrai Investment Fund 2, L.P. (the "Partnership"), an Illinois Partnership, was organized and commenced operations on October 1, 2000. The Partnership is expected to terminate on October 1, 2020, unless terminated earlier or extended in accordance with the provisions of the Partnership's Limited Partnership Agreement dated as of October 1, 2000, as amended (the "LP Agreement").

Dalal Street, Inc. served as the Partnership's General Partner and was responsible for the management of the Partnership's assets until September 30, 2005. Subsequently, Dalal Street, LLC became the General Partner ("General Partner") of the Partnership. Dalal Street, Inc. remains a limited partner of the Partnership. The Partnership's objective is to obtain above market returns and long term appreciation by investing principally in marketable securities of U.S. and non-U.S. companies. The Partnership has not adopted fixed guidelines for diversification, and therefore, may be subject to more rapid change in value than would be the case if the Partnership were required to maintain wide diversification.

The Partnership utilizes UBS Financial Services Inc., ("UBS") as its principal broker-dealer and maintains substantially all of its assets with UBS.

The Partnership has also entered into an agreement with Michael J. Liccar & Company, LLC to perform all general administrative tasks of the Partnership, including keeping the financial records and preparation of reports to Limited Partners and approval of all disbursements.

2. Significant Accounting Policies and Risks

Basis of Accounting
The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates
The preparation of financial statements in conformity with accounting practices generally accepted in the United States of America requires the General Partner to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

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 General Partner expects the risk of loss to be remote.

Security Valuation
Investments in common stocks are valued primarily at the last reported sale price on the valuation date. If no such price is reported for such date, then the last reported sale price within the last five day period preceding the valuation date. If no such price is reported, then the security will be valued at the representative bid price at the close of business on the valuation date. Fixed income securities are valued primarily on the basis of valuations furnished by a pricing service, authorized by the General Partner, which determines valuations for normal, institutional-size trading units of such securities using methods based on market transactions for comparable securities and various relationships between securities which are generally recognized by institutional traders. All other assets of the Partnership are valued in the manner determined by the General Partner to reflect their fair market value.

Security Transactions and Income and Expense Recognition
Investment transactions are recorded on trade date. Income and expenses are recorded on the accrual basis and dividend income and capital gain distributions are recorded on the ex-dividend date net of foreign dividend withholding taxes. Discounts and premiums on fixed income securities purchased are amortized into income over the lives of such securities when collection is expected. Realized gains and losses are calculated on the specific identification method.

Foreign currency
Securities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Partnership does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities.

Income Taxes
No provision is made in the accompanying financial statements for liabilities for federal, state or local income taxes since such liabilities are not the responsibility of the Partnership. Each partner is required to report on his/her income tax return his/her proportionate share of the items of income and deduction of the Partnership.

The Partnership analyzed all open tax years, as defined by the statute of limitations, for all major jurisdictions. Open tax years are those that are open for exam by taxing authorities. As of June 30, 2014, open tax years include the tax years ended June 30, 2011 through June 30, 2014. The Partnership is not aware of any examinations in progress. The Partnership has reviewed all open tax years and major jurisdictions and concluded that the adoption of these financial reporting rules resulted in no effect to the Partnership's financial position or results of operations. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year ended June 30, 2014. The Partnership is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefit will significantly change in the next twelve months.

Statement of Cash Flows
The Partnership has elected not to provide a Statement of Cash Flows as permitted by the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 230-10-45, “Statement of Cash Flows--Exemptions of Certain Enterprises and Classifications of Cash Flows from Certain Securities Acquired for Resale.”

Risks
The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of security prices and interest rates. As recent events have demonstrated, unexpected volatility, illiquidity, governmental action, currency devaluation, or other events in the U.S. or global markets in which the Partnership may directly or indirectly hold positions could impair the Partnership's ability to carry out its business and could cause the Partnership to incur substantial losses.

3. Fair Value Measurement

The accounting guidance for fair value measurement and disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the General Partner. The General Partner considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the General Partner's perceived risk of that instrument.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities, and certain money market securities. The General Partner does not adjust the quoted price for such instruments, even in situations where the Partnership holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include investment-grade corporate bonds and less liquid listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The inputs used by the General Partner in estimating the value of the level 3 investment include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the General Partner in the absence of market information. The fair value measurement of level 3 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the General Partner due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Partnership's results of operations.

The following table presents the financial instruments carried on the Statements of Assets, Liabilities and Partners' Capital by level within the valuation hierarchy as of June 30, 2014. There were no transfers between levels 1, 2, and 3 during the year ended June 30, 2014. The Partnership has not presented a roll forward of level 3 securities as there was no activity during the year ended June 30, 2014.

Investment Type	Assets at Fair Value as of June 30, 2014 Level 1	Level 2	Level 3	Total
Investments				
Common equities	$ 111,918,184	$ -	$ -	$ 111,918,184
Warrants	22,227,256	-	-	22,227,256
Money market funds	12,093,498	-	-	12,093,498
Total Investments	$ 146,238,938	$ -	$ -	$ 146,238,938

4. Warrants

Investments in warrant contracts are subject to additional risks that can result in a loss of all or part of an investment. The Partnership may purchase warrants in the normal course of pursuing its investment objectives or may receive warrants from its portfolio companies upon an investment in the debt or equity of a portfolio company. The warrants provide the Partnership with exposure and potential gains upon equity appreciation of the portfolio company's share price.

The value of a warrant has two components: time value and intrinsic value. A warrant has a limited life and expires on a certain date. As time to the expiration date of a warrant approaches, the time value of a warrant will decline. In addition, if the stock underlying the warrant declines in price, the intrinsic value of an "in the money" warrant will decline. Further, if the price of the stock underlying the warrant does not exceed the strike price of the warrant on the expiration date, the warrant will expire worthless. As a result, there is the potential for the Partnership to lose its entire investment in a warrant.

Exchange traded warrants are treated as level one for the table in the above Fair Value Measurement footnote.

At June 30, 2014, the volume of the Partnership's warrant activities based on their notional amounts and number of contracts, categorized by primary underlying risk, are as follows:

	Long exposure
Primary underlying risk	Number of contracts
Equity price	
Beginning, Contract	1,196,000
Amounts Purchased	1,306
Ending, Contract	1,197,306

Impact of Warrants on the Statement of Financial Condition and Statement of Operations
The following table identifies the fair value amounts of warrants included in the statement of financial condition as warrants within the Investments, at Fair Market Value line item, categorized by primary underlying risk, at June 30, 2014. Balances are presented on a gross basis, prior to the application of the impact of counterparty and collateral netting. The following table also identifies the net gain and loss amounts included in the statement of operations as change in unrealized gain (loss), categorized by primary underlying risk, for the year ended June 30, 2014:

Primary underlying risk	Warrant assets	Change in Unrealized gain/(loss)
Equity price		
Warrants	$ 22,227,256	$ 2,672,656
Total	$ 22,227,256	$ 2,672,656

5. Partners' Capital

Subscriptions and Units

All Partners of the Partnership must be "accredited investors" as defined in Regulation D adopted under the Securities Act of 1933. In exchange for each Partner's subscription to the Partnership, the Partnership issues Units, which represent an undivided proportionate interest in the assets and liabilities of the Partnership. Units were initially issued at $10 and are subsequently offered at Unit Value. As of any valuation date, the Unit Value is determined by dividing the Partners' Capital of the Partnership by the total number of Units outstanding. The initial investment by each Limited Partner may not be less than $350,000, and each additional investment may not be less than $25,000. At June 30, 2014 the Partnership was not accepting additional capital contributions from new or existing investors.

Redemptions

Subsequent to two years after an initial subscription to the Partnership, a Limited Partner may make complete or partial withdrawals in increments of $25,000 as of December 31 of any year with at least 60 days advance notice to the General Partner, provided that no partial withdrawal which would reduce a Limited Partner's Capital account to below $100,000 will be accepted.

Transfers

Interests are not transferable without the consent of the General Partner.

Distributions

The Partnership will not ordinarily, but may at the General Partner's discretion, make distributions to its Partners.

Allocations of Profits and Losses

Net Profits, which includes net changes in unrealized appreciation or depreciation of investments and realized investment gains or losses and income and expense (including the management fee as described in Note 6) are generally allocated at least annually and each time new Units are issued, in proportion to the Units held at the beginning of such fiscal period, except for the performance allocation to the General Partner as described in Note 6.

Expense Cap

The General Partner's authority to authorize Partnership expenses, exclusive of costs associated with margin borrowing, is limited to 2% of the Partnership's assets in any one fiscal year.

Guarantee

The General Partner has a guarantee obligation with respect to the original capital investment of limited partners made prior to July 15, 2001. This guarantee obligation does not include any limited partners entering the Partnership subsequent to that date, including the original capital investment made by partners in Pabrai Investment Fund 1, L.P. ("PIF1") prior to the merger of PIF1 with the Partnership. Mohnish Pabrai, the principal of the General Partner, has executed the LP Agreement as a personal guarantor of the General Partner with respect to this obligation.

6. Management Fee and Performance Allocation

Management Fee

The General Partner is paid an annual management fee of $10.

Performance Allocation

The General Partner is entitled to a performance allocation equal to 25% of the amount by which the increase, if any, in the Net Asset Value Per Unit exceeds 6% on a per annum basis over the "High Water Mark" in effect immediately prior to the applicable valuation date. The valuation date is defined as the last day of each fiscal year and the day immediately preceding the date upon which a capital contribution of the Partnership or withdrawal of capital in excess of $25,000 is made.

Therefore, the timing of the measurement of the performance allocation can be as frequent as monthly or as infrequent as annually. The "High Water Mark" initially means the Net Asset Value Per Unit of $10, and is adjusted, as of each valuation date, to equal the greater of (a) the High Water Mark immediately prior to such valuation date, increased at a per annum rate of 6% or (b) the Net Asset Value Per Unit as of such valuation date.

During the year ended June 30, 2014, the General Partner did not earn a performance allocation.

7. Financing Arrangements

The Partnership may obtain financing through margin borrowing arrangements. The margin loans may not exceed 30% of the Partnership's total asset value without the Partners' written unanimous consent. The Partnership did not utilize the margin borrowing arrangement during the year ended June 30, 2014.

On December 5, 2011, the Partnership entered into a securities loan agreement with UBS Financial Services, Inc. providing for the lending of securities to UBS. UBS provides the Partnership an irrevocable letter of credit as collateral. The value of the collateral is at least equal to 100% of the market value of the loaned securities, based on a daily mark to market by UBS. The Partnership earns income based on the aggregate market value of the loaned securities, which is included in securities lending income in the statement of operations.

As of June 30, 2014, the Partnership had no securities lent to UBS.

8. Related Party

The General Partner may cause the Partnership to purchase securities from or sell securities to other vehicles managed by the General Partner when the General Partner believes such transactions are appropriate and in the best interests of the Partnership. No such transactions occurred during the year ended June 30, 2014.

At June 30, 2014, Dalal Street, LLC and Dalal Street, Inc. held approximately 12.92% and 1.57% of the total outstanding partnership units, respectively.

9. Financial Highlights

Financial highlights are calculated for a limited partner unit outstanding for the entire period. An individual limited partner's return and ratios may vary based on timing of capital transactions.

Selected per unit data		
Limited Partner unit value, beginning of period	$	61.68
Income from investment operations		
Net investment income		0.36
Net realized and unrealized gain		16.09
Limited Partner unit value, end of period	$	78.13
Total return		
Total return		26.68%
Ratios to average limited partners' capital		
Total Expenses		0.08%
Net investment income		0.49%

10. Subsequent Events

The Partnership has evaluated subsequent events through the issuance of the Partnership's financial statements on August 15, 2014 and has determined that there is no impact on the Partnership's financial statements.

Pabrai Investment Fund 3, Ltd.

Financial Statements
December 31, 2014

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Independent Auditor's Report

To the Board of Directors of Pabrai Investment Fund 3, Ltd.

We have audited the accompanying financial statements of Pabrai Investment Fund 3, Ltd. (the "Fund"), which comprise the statement of assets and liabilities, including the condensed schedule of investments, as of December 31, 2014, and the related statements of operations and of changes in net assets for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditor's 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 Fund'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 Fund'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pabrai Investment Fund 3, Ltd. at December 31, 2014, and the results of its operations and changes in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers

February 18, 2015

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Pabrai Investment Fund 3, Ltd.
Statement of Assets and Liabilities
December 31, 2014
(expressed in United States dollars)

Assets	
Cash	$ 1,683,863
Investments, at fair value (cost $166,056,696)	218,099,208
Total assets	219,783,071
Liabilities	
Redemptions payable	6,915,300
Payable for securities purchased	1,767
Accrued expenses and other liabilities	45,573
Total liabilities	6,962,640
Net assets	$ 212,820,431
Net assets consist of	
Manager's shares (100 authorized; 100 issued and outstanding)	$ 100
Common shares (10,000,000 authorized; 4,290,222 issued and outstanding)	212,820,331
Total net assets	$ 212,820,431
Net asset value per common share	$ 49.61

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

Pabrai Investment Fund 3, Ltd.
Statement of Operations
Year Ended December 31, 2014
(expressed in United States dollars)

Investment income	
Dividend income (net of withholding tax of $155,016)	$ 595,564
Interest income	3,947
Total investment income	599,511
Expenses	
Investment management fees	544,178
Professional fees	164,062
Administration fee	55,000
Total expenses	763,240
Net investment income / (loss)	(163,729)
Net realized and unrealized gain on investments	
Net realized gain on investments	35,097,679
Net realized (loss) on foreign currency transactions	(26,671)
Net change in unrealized appreciation / (depreciation) on investments	(30,869,390)
Net realized and unrealized gain on investments	4,201,618
Net increase in net assets resulting from operations	$ 4,037,889

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

Pabrai Investment Fund 3, Ltd.
Statement of Changes in Net Assets
Year Ended December 31, 2014
(expressed in United States dollars)

Increase / (decrease) in net assets from operations	
Net investment income / (loss)	$ (163,729)
Net realized gain on investments	35,097,679
Net realized (loss) on foreign currency transactions	(26,671)
Net change in unrealized appreciation / (depreciation) on investments	(30,869,390)
Net increase in net assets resulting from operations	4,037,889
Capital transactions	
Subscriptions of common shares (57,651 shares)	2,800,810
Redemptions of common shares (143,292 shares)	(7,107,868)
Net change in net assets resulting from capital transactions	(4,307,058)
Net increase / (decrease) in net assets for the year	(269,169)
Net assets at	
Beginning of year	213,089,600
End of year	$ 212,820,431

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

Pabrai Investment Fund 3, Ltd.
Condensed Schedule of Investments
December 31, 2014
(expressed in United States dollars)

Number of Shares		Value as Percentage of Net Assets	Cost	Fair Value
	Common Stocks			
	United States			
	Basic Materials			
2,037,000	Horsehead Holding Corp.	15.15%	$ 21,005,998	$ 32,245,710
	Financial Services			
	Other	6.08%	6,783,255	12,927,636
	Media			
22,000	Google Inc.	5.44%	11,553,771	11,580,800
	Total United States	26.67%	39,343,024	56,754,146
	Hong Kong			
	Lodging			
	Other	0.12%	265,113	265,156
	Total Hong Kong	0.12%	265,113	265,156
	India			
	Financial Services			
4,872,410	The Jammu and Kashmir Bank Ltd.	5.41%	12,831,979	11,517,172
	Other	8.32%	18,023,792	17,702,835
	Total India	13.73%	30,855,771	29,220,007
	Korea			
	Basic Materials			
300,000	Posco	9.00%	21,914,967	19,143,000
	Engineering and Construction			
	Other	0.18%	355,296	389,229
	Total Korea	9.18%	22,270,263	19,532,229
	The Netherlands			
	Automotive			
4,439,000	Fiat Chrysler Automobiles N.V.	24.15%	22,007,352	51,403,620
	Total The Netherlands	24.15%	22,007,352	51,403,620
	Total Common Stocks	73.85%	114,741,523	157,175,158
	Money Market Funds			
	United States			
	UBS Select Prime			
28,165,050	Institutional Fund	13.23%	28,165,050	28,165,050
	Total Money Market Funds	13.23%	28,165,050	28,165,050
	Warrants			
	United States			
	Automotive			
	General Motors Co., strike price $18.33			
1,927,000	(expires July 10, 2019)	15.39%	23,150,123	32,759,000
	Total Warrants	15.39%	23,150,123	32,759,000
	Total Investments	102.47%	166,056,696	218,099,208

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

1. Organization

Pabrai Investment Fund 3, Ltd. (the "Fund"), a British Virgin Islands Corporation, was organized on November 9, 2001 and commenced operations on February 2, 2002. The Fund will continue indefinitely until wound up in accordance with the provisions of the Fund's Articles of Association.

The Fund has been recognized as a professional fund under the Securities and Investment Business Act, 2010 (British Virgin Islands) (the "Funds Act"). The shares of a "professional fund" as defined in the Funds Act may be made available (including issued or transferred) to persons who are "professional investors" within the meaning of the Funds Act and on the basis that investment in the Fund by each investor is not less than $100,000.

Dalal Street, LLC serves as the Fund's Investment Manager (the "Investment Manager") and is responsible for the management of the Fund's assets. The Fund's objective is to obtain above market returns and long term appreciation by investing principally in marketable securities of U.S. and non-U.S. companies. The Fund has not adopted fixed guidelines for diversification and, therefore, may be subject to more rapid change in value than would be the case if the Fund were required to maintain wide diversification.

The Fund utilizes UBS Financial Services Inc. ("UBS") as its principal broker-dealer and maintains its cash and investments with UBS. Additionally, the Fund utilizes Kotak Mahindra Bank Limited, UBS Securities LLC and Computershare S.p.A. All subscriptions and proceeds from investors are received into the UBS account, and all redemptions and disbursements are made from the UBS account.

The Fund has also entered into an agreement with Liccar to perform all general administrative tasks of the Fund, including keeping the financial records, preparation of reports to shareholders and approval of all disbursements.

2. Significant Accounting Policies

Method of Reporting

The Fund's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). Effective January 1, 2014, the Fund adopted Accounting Standards Update ("ASU") 2013-08, "Financial Services — Investment Companies (Topic 946): Amendments to the Scope, Measurement and Disclosure Requirements." ASU 2013-08 changes the approach to the investment company assessment, requires non-controlling ownership interests in other investment companies to be measured at fair value, and requires additional disclosures about the investment company's status as an investment company. The adoption of this ASU did not have a material impact on the Fund's financial statements. The Investment Manager has evaluated the structure, objectives and activities of the Fund and determined that the Fund meets the characteristics of an investment company and therefore applies the guidance in Topic 946.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the management 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 income and expenses during the reporting period. Actual results could differ from the estimates included in the financial statements.

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

Security Valuation
Investments listed on a national securities exchange are valued at their last sales price on the date of valuation on the primary exchange. In the event no such price is available for such date, then the last reported sale price within the last five day period preceding the valuation date is utilized. If no such price is reported, then the security will be valued at the representative bid price at the close of business on the valuation date. Investments whose market quotations are not readily available are valued at fair value as determined in good faith under procedures established by the Investment Manager. Because of the inherent uncertainty of valuation, the estimate of fair value may differ from the values that would have been used had a ready market existed and the differences could be material. Money market funds are valued at net assets value per share, which approximates fair value. Notwithstanding the foregoing, if in the reasonable judgment of the Fund, in its sole discretion, the listed price for any security held by the Fund does not accurately reflect the value of such security, the Fund may value such security at a price which is greater or less than the quoted market price for such security.

Security Transactions and Income and Expense Recognition
Investment transactions are recorded on the trade date. Income and expenses are recorded on the accrual basis and dividend income and capital gain distributions are recorded on the ex-dividend date net of foreign dividend withholding taxes. Realized gains and losses are recorded on the specific identification method.

Foreign Currency Transactions
Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the year-end exchange rates. Purchases and sales of these assets and liabilities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of investments held.

Income Taxes
The Fund has conducted and intends to conduct its operations so that it will not be engaged in a United States trade or business and, therefore, will not be subject to United States federal income tax on its net income from United States sources, except for United States withholding tax at a 30% rate on United States source dividend income received. Generally, there is no withholding on portfolio interest income and capital gains derived from United States securities.

The Fund executes trades on the Indian and Korean exchanges and, therefore, may be subject to taxes levied in each country. The investments in common stock traded on the Indian exchange are subject to short-term capital gains tax at 15.45% and no long-term capital gains tax. The Fund intends to hold the Indian securities for the long-term. The investments in common stock traded on the Korean exchange are subject to 22% tax on interest and dividend income. Capital gains tax is exempted if holdings are less than 25% of outstanding shares on the Korean exchange and the securities transaction is executed through Korean exchange, not the over-the-counter market. If holdings are more than 25% of outstanding shares on the Korean exchange or if the trade is executed through the over-the-counter market, a 22% standard rate or 11% of sales proceeds

(including resident tax), whichever is lower, will be levied. For countries with double taxation treaties, the treaty rate prevails only if it is more favorable than the standard rate. As of December 31, 2014, $0 was accrued for these taxes.

Under the current British Virgin Islands legislation, the Fund is not required to pay taxes in the British Virgin Islands on income or capital gains. Because the Fund is not subject to taxation in the British Virgin Islands and it is management's opinion that its method of operations does not result in its being subject to income taxes, no provision for taxes has been made in these financial statements.

Management has continued to evaluate the application of Accounting Standards Codification ("ASC") 740, "Income Taxes", and has determined that no reserves for uncertain tax positions were required to have been recorded as a result of the adoption of ASC 740. Open tax years are those that are open for exam by taxing authorities. As of December 31, 2014, open tax years include the tax years ended December 31, 2011 through December 31, 2014. The Fund is not aware of any examinations in progress. The Fund has reviewed all open tax years and major jurisdictions and concluded that the adoption of these financial reporting rules resulted in no effect to the Fund's financial position or results of operations. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year ended December 31, 2014. The Fund is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefit will significantly change in the next twelve months.

Redemptions Payable
The Fund accounts for subscriptions, allocations and redemptions on a per share basis. The amounts shown as redemptions payable of $6,915,300 represent the remaining amount due for redemptions as of December 31, 2014.

Payable for Securities Purchased
The amounts shown as payable for securities purchased represent the amount due to the broker for unsettled purchases as of December 31, 2014.

Statement of Cash Flows
The Fund has elected not to provide a Statement of Cash Flows as permitted by the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 230-10-15, "Statement of Cash Flows-Exemption of Certain Enterprises and Classification of Cash Flows from Certain Securities Acquired for Resale."

3. Fair Value Measurement

The Fund has financial reporting rules that establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Investment Manager. The Investment Manager considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Investment Manager's perceived risk of that instrument.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities, and certain money market securities. The Investment Manager does not adjust the quoted price for such instruments, even in situations where the Investment Manager holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within level 2. These include investment-grade corporate bonds and less liquid listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The inputs used by the Investment Manager in estimating the value of the level 3 investment include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Investment Manager in the absence of market information. The fair value measurement of level 3 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the Investment Manager due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Fund's results of operations.

As of December 31, 2014 and during the year then ended, the Fund had no investments classified within Level 3. There were no transfers in or out of either Level 1 or Level 2 as of or during the year ended December 31, 2014.

The following table presents the financial instruments carried on the Statement of Assets and Liabilities by level:

	Assets at Fair Value as of December 31, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stock	$ 157,175,158	$ -	$ -	$ 157,175,158
Money market funds	28,165,050	-	-	28,165,050
Warrants	32,759,000	-	-	32,759,000
	$ 218,099,208	$ -	$ -	$ 218,099,208

4. Warrants

Investments in warrant contracts are subject to additional risks that can result in a loss of all or part of an investment. The Fund may purchase warrants in the normal course of pursuing its investment objectives or may receive warrants from its portfolio companies upon an investment in the debt or equity of a portfolio company. The warrants provide the Fund with exposure and potential gains upon equity appreciation of the portfolio company's share price.

The value of a warrant has two components: time value and intrinsic value. A warrant has a limited life and expires on a certain date. As time to the expiration date of a warrant approaches, the time value of a warrant will decline. In addition, if the stock underlying the warrant declines in price, the intrinsic value of an "in the money" warrant will decline. Further, if the price of the stock underlying the warrant does not exceed the strike price of the warrant on the expiration date, the warrant will expire worthless. As a result, there is the potential for the Fund to lose its entire investment in a warrant.

Exchange traded warrants are treated as level one for the table in the above Fair Value Measurement note.

For December 31, 2014, the Fund's investments in warrants based on their notional amounts and number of contracts, categorized by primary underlying risk, are as follows:

	Long exposure	
Primary underlying risk	**Notional amounts**	**Number of contracts**
Equity price		
Contract and Notional amounts	$ 67,271,570	1,927,000

Notional amounts presented for warrants are based on the fair value of the underlying shares as if the warrants were exercised at December 31, 2014. There were no warrants purchased or sold during the year ended December 31, 2014.

Impact of Warrants on the Statement of Assets and Liabilities and Statement of Operations
The following table identifies the fair value amounts of warrants included in the statement of assets and liabilities as warrants, categorized by primary underlying risk, at December 31, 2014. Balances are presented on a gross basis, prior to the application of the impact of counterparty and collateral netting. The following table also identifies the net gain and loss amounts included in the statement of operations as net change in unrealized appreciation / (depreciation) on investments, categorized by primary underlying risk, for the year ended December 31, 2014:

Primary underlying risk	Fair Value	Change in unrealized appreciation / (depreciation)
Equity price		
Warrants	$ 32,759,000	$ (11,793,240)
Total	$ 32,759,000	$ (11,793,240)

5. Share Capital

Non-Voting Common Shares
The Fund has authorized 10,000,000 shares of non-voting common shares with a par value of $0.01 per share. Such common shares were offered at an initial price of $10 per share, and are thereafter offered at the then Net Asset Value of such shares. The common shares have no voting rights, but do participate in all profits and losses of the Fund, including net changes in unrealized appreciation or depreciation of investments and realized investment gains or losses and income and expense (including the investment management fee as described in Note 6). Such profits and losses are generally allocated at least annually and each time new common shares are issued and redeemed.

The net asset value of a common share is determined by dividing the net assets attributable to the common shares by the total number of common shares outstanding.

The initial investment by each investor may not be less than $2,500,000 for offshore investors and $10,000,000 for US tax exempt entities. Minimum additional amounts are determined by the Investment Manager at his discretion.

Manager's Shares
The Fund has authorized 100 shares of voting, non-participating Manager's Shares with a par value of $1.00 per share. The Manager's Shares, which are the sole voting shares, are not entitled to participate in any profits or income of the Fund. The Manager's Shares are redeemable at par and are owned by Mohnish Pabrai. Mr. Pabrai is also a member of the Fund's Board of Directors.

Redemptions
A shareholder may make complete or partial withdrawals in amounts of $25,000 or greater as of December 31 of any year with at least 60 days advance notice to the Investment Manager. The Fund, in its discretion, may at any time redeem all or a portion of the shares of any investor. Redemptions may be paid in cash or, at the discretion of the Investment Manager, in-kind. The Investment Manager may, at its discretion, allow redemptions of amounts differing from the aforementioned criteria.

During the year ended December 31, 2014, the Investment Manager approved shareholders' redemption requests of $7,107,868, of which $6,915,300 was paid out subsequent to year-end.

Transfers
Interests are not transferable without the consent of the Investment Manager.

Distributions
The Fund will not ordinarily, but may at the Investment Manager's discretion, make distributions to its Shareholders.

6. Investment Management Fee

The Investment Manager receives an investment management fee, payable on December 31 of each year and on the final trading day immediately preceding a subscription or redemption to the Fund, in an amount equal to 25% of the amount by which the increase, if any, in the net asset value of the Fund at the time such fee is payable, exceeds 6%, on an annualized basis, of the net asset value at the time such fee was most recently paid. No investment management fee is payable unless the net asset value of a common share is at its historic highest value, after giving effect to distributions, share splits or share dividends, if any.

During the year ended December 31, 2014, the Investment Manager earned an investment management fee of $544,178, with $0 payable at December 31, 2014.

7. Principal Shareholders

At December 31, 2014, one shareholder held approximately 37% of the net asset value of the total Common Shares issued.

8. Related Party

At December 31, 2014, an affiliate of the Investment Manager held less than 1% of the net asset value of the total Common shares issued.

9. Risks

Market and Credit Risks
The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of security prices and interest rates. As recent events have demonstrated, unexpected volatility, illiquidity, governmental action, currency devaluation, or other events in the U.S. or global markets in which the Fund may directly or indirectly hold positions could impair the Fund's ability to carry out its business and could cause the Fund to incur substantial losses.

The Fund’s trading activities expose the Fund to both market risk, the risks from changes in fair value, and credit risk, the risk of failure by another party to perform according to the terms of a contract.

Market risk is the potential for changes in fair value of financial instruments from market changes, including fluctuations in market prices. Market risk is directly affected by the volatility and liquidity in the markets in which the related underlying assets are traded.

Credit risk exists from the possibility of loss from the failure of the counterparty to perform according to the terms of a contract.

The Fund has a substantial portion of its assets on deposit with brokers in connection with its trading of certain investments and its cash management activities. In the event of a financial institution’s insolvency, recovery of the Fund assets on deposit may be limited.

Currency Risks
The Fund invests in assets and liabilities denominated in foreign currencies which are translated into U.S. dollar amounts at the year-end exchange rates. The value of these assets and liabilities are exposed to fluctuations in the foreign currencies as compared to the US dollar.

10. Financial Highlights

Financial highlights are calculated for a Common Share outstanding for the year ended December 31, 2014. An individual investor's return and ratios may vary based on the timing of capital transactions. Ratios are computed based on average monthly net assets.

	Common Shares
Selected per share data	
Net asset value, beginning of year	$ 48.70
Income from investment operations[1]	
Net investment income	0.09
Net realized gain and net change in unrealized appreciation / (depreciation)	0.94
Investment management fees	(0.12)
Net asset value, end of year	$ 49.61
Total return	
Total return before management fees	2.12 %
Management Fees	(0.25)%
Total return after management fees	1.87 %
Ratios to average net assets	
Operating expenses	0.10 %
Management Fees	0.25 %
Total operating expenses and management fees	0.35 %
Net investment income / (loss)	(0.08)%

(1) Calculated using the average number of shares outstanding during the year.

11. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the Fund's financial statements on February 18, 2015 and has determined that there is no impact on the Fund's financial statements.

The Pabrai Investment Fund IV, L.P.

Financial Statements
December 31, 2014

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Independent Auditor's Report

To the General Partner of The Pabrai Investment Fund IV, L.P.

We have audited the accompanying financial statements of The Pabrai Investment Fund IV, L.P. (the "Partnership"), which comprise the statement of assets, liabilities and partners' capital, including the condensed schedule of investments, as of December 31, 2014, and the related statements of operations and of changes in partners' capital for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

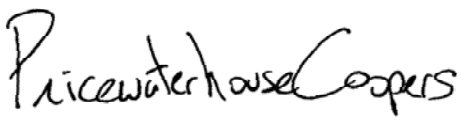
Auditor's Responsibility

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Pabrai Investment Fund IV, L.P. at December 31, 2014, and the results of its operations and changes in its partners' capital for the year then ended in accordance with accounting principles generally accepted in the United States of America.



February 18, 2015

The Pabrai Investment Fund IV, L.P.
Statement of Assets, Liabilities and Partners' Capital
December 31, 2014
(expressed in United States dollars)

Assets		
Cash	$	35,250
Investments, at fair value (cost $214,591,144)		324,033,699
Total assets	$	324,068,949
Liabilities		
Redemptions payable	$	25,753,432
Accrued expenses		56,046
Total liabilities		25,809,478
Partners' capital		
General partner (1,064,972 units at $28.03 per unit)		29,848,131
Limited partners (9,576,836 units at $28.03 per unit)		268,411,340
Total partners' capital		298,259,471
Total liabilities and partners' capital	$	324,068,949

The accompanying notes are an integral part of these financial statements

The Pabrai Investment Fund IV, L.P.
Statement of Operations
Year Ended December 31, 2014
(expressed in United States dollars)

Investment Income		
Dividend income (net of withholding tax of $48,297)	$	1,139,729
Interest income		5,573
Total investment income		1,145,302
Expenses		
Professional fees		157,457
Administration fee		48,750
Total operating expenses		206,207
Net investment income / (loss)		939,095
Net realized and unrealized gain on investments		
Net realized gain on investments		35,963,056
Net realized (loss) on foreign currency transactions		(26,704)
Net change in unrealized appreciation / (depreciation) on investments		(31,093,526)
Net realized and unrealized gain on investments		4,842,826
Net increase in partners' capital resulting from operations	$	5,781,921

The accompanying notes are an integral part of these financial statements

The Pabrai Investment Fund IV, L.P.
Statement of Changes in Partners' Capital
Year Ended December 31, 2014
(expressed in United States dollars)

	General Partner	Limited Partners	Total
Balance, January 1, 2014	$ 29,315,500	$ 288,915,482	$ 318,230,982
Redemptions (918,874 units)	-	(25,753,432)	(25,753,432)
Net increase in partners' capital from operations	532,631	5,249,290	5,781,921
Balance, December 31, 2014	$ 29,848,131	$ 268,411,340	$ 298,259,471

The accompanying notes are an integral part of these financial statements

The Pabrai Investment Fund IV, L.P.
Condensed Schedule of Investments
December 31, 2014
(expressed in United States dollars)

Number of Shares		Value as a Percentage of Partners' Capital	Cost	Fair Value
	Common Stocks			
	United States			
	Basic Materials			
2,759,296	Horsehead Holding Corp.	14.64%	25,659,117	43,679,656
	Financial Services			
2,017,000	Bank of America Corp.	12.10%	14,535,510	36,084,130
819,000	Citigroup Inc.	14.86%	23,772,996	44,316,090
	Media			
31,000	Google Inc.	5.47%	16,131,360	16,318,400
	Total United States	47.07%	80,098,983	140,398,276
	India			
	Financial Services			
7,580,450	The Jammu and Kashmir Bank Ltd.	6.01%	19,944,164	17,918,309
	Other	4.34%	15,619,977	12,957,667
	Total India	10.35%	35,564,141	30,875,976
	The Netherlands			
	Automotive			
6,589,000	Fiat Chrysler Automobiles N.V.	25.58%	34,003,514	76,300,620
	Total The Netherlands	25.58%	34,003,514	76,300,620
	Total Common stocks	83.00%	149,666,638	247,574,872
	Money Market Funds			
	United States			
28,773,827	UBS Select Prime			
	Institutional Fund	9.65%	28,773,827	28,773,827
	Total Money Market Funds	9.65%	28,773,827	28,773,827
	Warrants			
	United States			
	Automotive			
2,805,000	General Motors Co., strike price $18.33			
	(expires July 10, 2019)	15.99%	36,150,679	47,685,000
	Total Warrants	15.99%	36,150,679	47,685,000
	Total Investments	108.64%	$ 214,591,144	$ 324,033,699

The accompanying notes are an integral part of these financial statements

1. Organization

The Pabrai Investment Fund IV, L.P. (the "Partnership"), a Delaware partnership, was organized and commenced operations on October 1, 2003. The Partnership is expected to terminate on September 30, 2023, unless terminated earlier or extended in accordance with the provisions of the Partnership's Limited Partnership Agreement dated as of October 1, 2003, as amended (the "L.P. Agreement").

Dalal Street, LLC serves as the Partnership's General Partner (the "General Partner") and is responsible for the management of the Partnership's assets. The Partnership's objective is to obtain above market returns and long term appreciation by investing principally in marketable securities of U.S. and non-U.S. companies. The Partnership has not adopted fixed guidelines for diversification and, therefore, may be subject to more rapid change in value than would be the case if the Partnership were required to maintain wide diversification. The Partnership cannot purchase securities on margin, enter into futures or forward contracts, enter into the short sales of securities, or engage in certain other investment activities without the approval of Limited Partners owning not less than 50% of the capital balance of the Partnership.

The Partnership utilizes UBS Financial Services Inc. ("UBS") as its principal broker-dealer and maintains its cash and investments with UBS. Additionally, the Partnership utilizes Kotak Mahindra Bank Limited and Computershare S.p.A. All subscriptions and proceeds from investors are received into the UBS account, and all redemptions and disbursements are made from the UBS account.

The Partnership has also entered into an agreement with Liccar to perform all general administrative tasks of the Partnership, including keeping the financial records, preparation of reports to Limited Partners and approval of all disbursements.

2. Significant Accounting Policies

Method of Reporting

The Partnership's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). Effective January 1, 2014, the Partnership adopted Accounting Standards Update ("ASU") 2013-08, "Financial Services — Investment Companies (Topic 946): Amendments to the Scope, Measurement and Disclosure Requirements." ASU 2013-08 changes the approach to the investment company assessment, requires non-controlling ownership interests in other investment companies to be measured at fair value, and requires additional disclosures about the investment company's status as an investment company. The adoption of this ASU did not have a material impact on the Partnership's financial statements. The Investment Manager has evaluated the structure, objectives and activities of the Partnership and determined that the Partnership meets the characteristics of an investment company and therefore applies the guidance in Topic 946.

Use of Estimates

The preparation of financial statements in conformity with US 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 income and expenses during the reporting period. Actual results could differ from the estimates included in the financial statements.

Contingencies and Commitments
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 General Partner expects the risk of material loss to be remote.

Security Valuation
Investments listed on a national securities exchange are valued at their last sales price on the date of valuation on the primary exchange. In the event no such price is available for such date, then the last reported sale price within the last five day period preceding the valuation date is utilized. If no such price is reported, then the security will be valued at the representative bid price at the close of business on the valuation date. Investments whose market quotations are not readily available are valued at fair value as determined in good faith under procedures established by the Investment Manager. Because of the inherent uncertainty of valuation, the estimate of fair value may differ from the values that would have been used had a ready market existed and the differences could be material. Money market funds are valued at net assets value per share, which approximates fair value. Notwithstanding the foregoing, if in the reasonable judgment of the Partnership, in its sole discretion, the listed price for any security held by the Partnership does not accurately reflect the value of such security, the Partnership may value such security at a price which is greater or less than the quoted market price for such security.

Security Transactions and Income and Expense Recognition
Investment transactions are recorded on trade date. Income and expenses are recorded on the accrual basis and dividend income and capital gain distributions are recorded on the ex-dividend date net of foreign dividend withholding taxes. Realized gains and losses are recorded on the specific identification method.

Foreign Currency Transactions
Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the year-end exchange rates. Purchases and sales of these assets and liabilities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Partnership does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of investments held.

Income Taxes
No provision is made in the accompanying financial statements for liabilities for federal, state or local income taxes since such liabilities are not the responsibility of the Partnership. Each partner is required to report on his/her income tax return his/her proportionate share of the items of income and deduction of the Partnership.

The Partnership executes trades on the Indian exchanges and, therefore, may be subject to taxes levied by India. The investments in common stock traded on the Indian exchange are subject to short-term capital gains tax at 15.45% and no long-term capital gains tax. The Partnership intends to hold the Indian securities for the long-term.

Management has continued to evaluate the application of Accounting Standards Codification ("ASC") 740, "Income Taxes", and has determined that no reserves for uncertain tax positions were required to have been recorded as a result of the adoption of ASC 740. Open tax years are those that are open for exam by taxing authorities. As of December 31, 2014, open tax years include the

tax years ended December 31, 2011 through December 31, 2014. The Partnership is not aware of any examinations in progress. The Partnership has reviewed all open tax years and major jurisdictions and concluded that the adoption of these financial reporting rules resulted in no effect to the Partnership's financial position or results of operations. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year ended December 31, 2014. The Partnership is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefit will significantly change in the next twelve months.

Redemptions Payable
The Partnership accounts for subscriptions, allocations and redemptions on a per unit basis. The amounts shown as redemptions payable of $25,753,432 represent the remaining amount due for redemptions as of December 31, 2014.

Statement of Cash Flows
The Partnership has elected not to provide a Statement of Cash Flows as permitted by the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 230-10-15, "Statement of Cash Flows-Exemption of Certain Enterprises and Classification of Cash Flows from Certain Securities Acquired for Resale."

3. Fair Value Measurement

The Partnership has adapted financial reporting rules that establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the General Partner. The General Partner considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the General Partner's perceived risk of that instrument.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities, and certain money market securities. The General Partner does not adjust the quoted price for such instruments, even in situations where the Partnership holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within level 2. These include investment-grade corporate bonds and less liquid listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The inputs used by the General Partner in estimating the value of the level 3 investment include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the General Partner in the absence of market information. The fair value measurement of level 3 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the General Partner due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Partnership's results of operations.

As of December 31, 2014 and during the year then ended, the Partnership had no investments classified within Level 3. There were no transfers in and out of either Level 1 or Level 2 as of or during the year ended December 31, 2014.

The following table presents the financial instruments carried on the Statement of Assets and Liabilities by level:

	Assets at Fair Value as of December 31, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments				
Common stock	$ 247,574,872	$ -	$ -	$ 247,574,872
Money market funds	28,773,827	-	-	28,773,827
Warrants	47,685,000	-	-	47,685,000
Total investments	$ 324,033,699	$ -	$ -	$ 324,033,699

4. Warrants

Investments in warrant contracts are subject to additional risks that can result in a loss of all or part of an investment. The Partnership may purchase warrants in the normal course of pursuing its investment objectives or may receive warrants from its portfolio companies upon an investment in the debt or equity of a portfolio company. The warrants provide the Partnership with exposure and potential gains upon equity appreciation of the portfolio company’s share price.

The value of a warrant has two components: time value and intrinsic value. A warrant has a limited life and expires on a certain date. As time to the expiration date of a warrant approaches, the time value of a warrant will decline. In addition, if the stock underlying the warrant declines in price, the intrinsic value of an “in the money” warrant will decline. Further, if the price of the stock underlying the warrant does not exceed the strike price of the warrant on the expiration date, the warrant will expire worthless. As a result, there is the potential for the Partnership to lose its entire investment in a warrant.

Exchange traded warrants are treated as level one for the table in the above Fair Value Measurement footnote.

For December 31, 2014, the Partnership's investments in warrants based on their notional amounts and number of contracts, categorized by primary underlying risk, are as follows:

	Long exposure	
Primary underlying risk	**Notional amounts**	**Number of contracts**
Equity price		
Contract and Notional amounts	$ 97,922,550	2,805,000

Notional amounts presented for warrants are based on the fair value of the underlying shares as if the warrants were exercised at December 31, 2014. There were no warrants purchased or sold during the year ended December 31, 2014.

Impact of Warrants on the Statement of Assets, Liabilites and Partners' Capital and Statement of Operations

The following table identifies the fair value amounts of warrants included in the statement of assets, liabilities and partners' capital as warrants, categorized by primary underlying risk, at December 31, 2014. Balances are presented on a gross basis, prior to the application of the impact of counterparty and collateral netting. The following table also identifies the net gain and loss amounts included in the statement of operations as change in unrealized gain (loss), categorized by primary underlying risk, for the year ended December 31, 2014:

Primary underlying risk	**Fair Value**	**Change in unrealized appreciation / (depreciation)**
Equity price		
Warrants	$ 47,685,000	$ (17,166,600)
Total	$ 47,685,000	$ (17,166,600)

5. Partners' Capital

Subscriptions and Units

All Limited Partners of the Partnership must be "qualified purchasers" as defined in the Investment Company Act of 1940. In exchange for each Partner's subscription to the Partnership, the Partnership issues Units, which represent an undivided proportionate interest in the assets and liabilities of the Partnership. Units were initially issued at $10 on October 1, 2003 and are subsequently offered at Net Asset Value Per Unit. As of any valuation date, the Net Asset Value Per Unit is determined by dividing the Partners' Capital of the Partnership by the total number of Units outstanding. The initial investment by each Limited Partner may not be less than $2,500,000, although the General Partner, in its sole discretion, may permit initial investments in amounts less than $2,500,000 but in no event less than $20,000. Minimum additional investment amounts are determined by the General Partner in its discretion.

Effective October 1, 2010 the Partnership was not taking in additional contributions from new or existing investors. As an exception, only the Pabrai family and the retirement plan for Dalal Street, LLC are allowed to add capital. There were no capital additions in 2014 for these accounts.

Withdrawals
A Limited Partner may make complete or partial withdrawals of $25,000 or greater as of December 31 of any year with at least 60 days advance notice to the General Partner, provided that no partial withdrawal which would reduce a Limited Partner's capital account to below $100,000 will be accepted. The General Partner, in its discretion, may at any time require the withdrawal of any Limited Partner and redemption of the corresponding Limited Partner interest. Redemptions may be paid in cash or, at the discretion of the General Partner, in-kind.

Transfers
Interests are not transferable without the consent of the General Partner.

Distributions
The Partnership will not ordinarily, but may at the General Partner's discretion, make distributions to its Partners.

Allocations of Profits and Losses
Net Profits, which includes net changes in unrealized appreciation or depreciation of investments and realized investment gains or losses and income and expense, are generally allocated at least annually and each time new Units are issued/redeemed, in proportion to the Units held at the beginning of such fiscal period, except for the performance allocation to the General Partner as described in Note 6.

6. General Partner Allocation

The General Partner is entitled to a performance allocation equal to 25% of the amount by which the increase, if any, in the Net Asset Value Per Unit exceeds 6% on a per annum basis over the "High Water Mark" in effect immediately prior to the applicable valuation date. The valuation date is defined as the last day of each fiscal year and the day immediately preceding the date upon which a capital contribution of the Partnership or withdrawal of capital in excess of $25,000 is made. Therefore, the timing of the measurement of the performance allocation can be as frequent as quarterly or as infrequent as annually. The "High Water Mark" initially means the Net Asset Value Per Unit of $10, and is adjusted, as of each valuation date, to equal the greater of (a) the High Water Mark immediately prior to such valuation date, increased at a per annum rate of 6% or (b) the Net Asset Value Per Unit as of such valuation date.

During the year ended December 31, 2014, the General Partner did not earn a performance allocation.

7. Related Party

At December 31, 2014, the General Partner and related entities held approximately 10% of the total outstanding Limited Partnership units. Redemptions payable includes $4,480,181 payable to a related entity of the General Partner.

8. Risks

Market and Credit Risks

The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of security prices and interest rates. As recent events have demonstrated, unexpected volatility, illiquidity, governmental action, currency devaluation, or other events in the U.S. or global markets in which the Partnership may directly or indirectly hold positions could impair the Partnership's ability to carry out its business and could cause the Partnership to incur substantial losses.

The Partnership's trading activities expose the Partnership to both market risk, the risks from changes in fair value, and credit risk, the risk of failure by another party to perform according to the terms of a contract.

Market risk is the potential for changes in fair value of financial instruments from market changes, including fluctuations in market prices. Market risk is directly affected by the volatility and liquidity in the markets in which the related underlying assets are traded.

Credit risk exists from the possibility of loss from the failure of the counterparty to perform according to the terms of a contract.

The Partnership has a substantial portion of its assets on deposit with brokers in connection with its trading of certain investments and its cash management activities. In the event of a financial institution's insolvency, recovery of the Partnership assets on deposit may be limited.

Currency Risks
The Partnership invests in assets and liabilities denominated in foreign currencies which are translated into U.S. dollar amounts at the year-end exchange rates. The value of these assets and liabilities are exposed to fluctuations in the foreign currencies as compared to the US dollar.

9. Financial Highlights

Financial highlights are calculated for a Limited Partner unit outstanding for the entire period. An individual Limited Partner's return and ratios may vary based on timing of capital transactions. The ratios are computed based on the average Limited Partners' capital, calculated for all Limited Partners as a group.

Selected per unit data		
Limited Partner unit value, beginning of year	$	27.53
Income from investment operations[1]		
Net investment income / (loss)		0.08
Net realized gain and net change in unrealized appreciation / (depreciation)		0.42
Limited Partner unit value, end of year	$	28.03
Total return		
Total return		1.82%
Ratios to average limited partners' capital		
Total expenses		0.07%
Net investment income / (loss)		0.30%

(1) Calculated using the average number of units outstanding during the year.

10. Subsequent Events

The Partnership has evaluated subsequent events through the issuance of the Partnership's financial statements on February 18, 2015 and has determined that there is no impact on the Partnership's financial statements.

Team Pabrai

MOHNISH PABRAI
Managing Partner

Office Team

NICKII ALEO, *Administrative Assistant* **LYNN DANN,** *Administrative Assistant*
BETSY HARKER, *Administrative Assistant* **KAREN ADACHI,** *Administrative Assistant*
JULIE TELTSCHER, *Office Manager/Chief Compliance Officer*

PIF2 Advisory Board

JOHN S. BANK, *Chicago, Illinois*
PATRICK M. FITZGERALD, *Hinsdale, Illinois*
JOHN LARKIN, *Glen Ellyn, Illinois*

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HARINA KAPOOR, *Irvine, California*
RAMESH NAIR *(Reserve Director), Chicago, Illinois*

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Auditor

PRICEWATERHOUSECOOPERS

Broker & Custodian

UBS AG, *The Desai Group*
KOTAK MAHINDRA BANK LIMITED, *India*
COMPUTERSHARE S.P.A., *Italy*

General Counsel

DENTONS US LLP **CONYERS DILL & PEARMAN, BVI** *(PIF3)*

Tax, Accounting & Administration

MICHAEL J. LICCAR & CO., LLC

Past performance is not indicative of future results. Returns are presented net of all fees and expenses, include the reinvestment of income and are calculated using a simple rate of return. The securities discussed do not represent all securities recommended for the Funds. It is also not a recommendation to buy or sell and one should not presume they will be profitable.

Please be aware that our past Annual Reports may discuss specific securities that have performed well without necessarily addressing those that have underperformed within our Fund(s). Readers should not infer that all investment decisions within the Funds were profitable.

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Ternium
MDC HOMES
PETROBANK
ICG
المجموعة المالية - هيرميس
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TESORO
VDM
VAN DER MOOLEN
GM
TAISEI ONCHO
TEREX
FREMONT GENERAL
FannieMae
KG情報
PINNACLE AIRLINES, INC.
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register.com™
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Goldman Sachs
Level(3) COMMUNICATIONS
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paid limited presentes
Cumulative exited future audit disproportionate soka post
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frictional characteristics PricewaterhouseCoopers Illinois assets
Buy Sachs indices low foreign best
idea Various Date
portfolio restaurant different tax significantly account needs
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