

TARO PHARMACEUTICALS EUROPE B.V.  
Amsterdam  
Annual Accounts  
March 31, 2019

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1 BALANCE SHEET AS PER MARCH 31, 2019

		<u>March 31, 2019</u>	<u>March 31, 2018</u>
		EUR	EUR
<b>ASSETS</b>			
Fixed assets			
Investment in Subsidiaries		-	4
Current assets			
Receivables, prepayments and accrued income	(1)	-	590
Cash and Cash equivalents	(2)	23,556	548,936
<b>TOTAL ASSETS</b>		<u>23,556</u>	<u>549,530</u>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Called-up share capital	(3)	18,000	18,000
Share premium reserve		1,050,000	1,050,000
Other reserves		(1,018,226)	(1,522,639)
Unappropriated result		(32,454)	504,413
		<u>17,320</u>	<u>49,774</u>
Current liabilities	(4)	6,236	499,756
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>23,556</u>	<u>549,530</u>

2 PROFIT AND LOSS ACCOUNT 2018/2019

		<u>2018/2019</u>	<u>2017/2018</u>
		EUR	EUR
Expenses			
General and administrative expenses	(5)	31,910	45,292
Operating result		<u>(31,910)</u>	<u>(45,292)</u>
Result on participations / subsidiaries		(4)	547,060
Exchange differences		(111)	2,952
Interest and similar expenses	(6)	<u>(429)</u>	<u>(307)</u>
Financial income and expenses		<u>(544)</u>	<u>549,705</u>
Result from ordinary business activities before tax		(32,454)	504,413
Taxation on result from ordinary business activities		-	-
Result after tax		<u><u>(32,454)</u></u>	<u><u>504,413</u></u>

### 3 NOTES TO THE STATEMENTS

#### GENERAL

##### Activities

Taro Pharmaceuticals Europe B.V. is a Dutch private company with limited liability, incorporated in Amsterdam on March 19, 2008 ("the Company"). The Company mainly acts as a holding company.

##### Registered address

The registered and actual address of Taro Pharmaceuticals Europe B.V. (CoC number 33292680) is Naritaweg 165 in Amsterdam.

##### Group structure

The Company is a member of the Taro Pharmaceutical Industries group. The ultimate parent company of this group is Taro Pharmaceutical Industries Ltd., Haifa Bay, Israel. The financial statements of the Company are included in the consolidated financial statements of its ultimate parent company.

##### Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the company are considered a related party. In addition, statutory directors and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required to provide the true and fair view.

##### Estimates

In applying the accounting policies and guidelines for preparing the financial statements, management makes a range of estimates and judgments that might be essential for the amounts disclosed in the financial statements. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the Financial Statement items in question. Actual amounts may differ from these estimates.

#### ACCOUNTING POLICIES FOR THE BALANCE SHEET

The accompanying Financial Statements have been prepared in accordance with the provisions of Part 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'), taking into account the exemptions offered by the Dutch Accounting Standards Board.

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement, references are made to the notes.

##### Comparison with previous year

The accounting policies have been consistently applied to all the years presented.

#### Foreign currency

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

#### Investment in Subsidiaries

#### Accounts receivable

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognized using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

#### Cash and Cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts, if any, are shown as part of debts to lending institutions in current liabilities on the balance sheet. Cash and cash equivalents are carried at nominal value.

### PRINCIPLES FOR THE DETERMINATION OF THE RESULT

#### General

Profit or loss is determined as the difference between the realizable value of the goods delivered and services rendered, and the costs and other charges for the year. Revenues on transactions are recognized in the year in which they are realized.

#### Exchange rate differences

Exchange rate differences arising upon the settlement or conversion of monetary items are recognized in the income statement in the period that they arise.

		<u>03/31/2019</u>	<u>3/31/2018</u>
The foreign exchange rate used at year-end is:	EUR/GBP	0.8583	0.8749

#### Selling expenses, and general and administrative expenses

Selling expenses, and general and administrative expenses comprise costs chargeable to the year.

#### Financial income and expenses

Interest paid and received is recognized on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognizing interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

Dividends receivable from associates not carried at net asset value and securities are recognized as soon as the Company acquires the right to them.

#### Taxation

Income tax is calculated on the profit/loss before tax in the income statement, taking into account any losses carried forward from previous financial years (where not included in deferred income tax assets) and tax-exempt items, and plus non-deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

4 NOTES TO THE BALANCE SHEET AS OF MARCH 31, 2019

ASSETS

FIXED ASSETS

The Company's investments in group companies comprise the following:

	<u>3/31/2019</u>	<u>3/31/2018</u>
	EUR	EUR
Investment in Subsidiaries		
Taro Pharmaceuticals UK Ltd.	-	3
Taro Pharmaceuticals Canada Ltd.	-	1
	<u>-</u>	<u>4</u>

Taro Pharmaceuticals Canada Ltd. was merged into Taro Pharmaceuticals Inc. on April 1, 2018.

Taro Pharmaceuticals Ireland was dissolved on April 19, 2018.

Taro Pharmaceuticals UK Ltd. was dissolved on September 21, 2018 without any proceeds.

CURRENT ASSETS

1. Receivables, prepayments and accrued income

Other receivables, deferred assets	<u>-</u>	<u>590</u>
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All receivables fall due in less than one year. The fair value of the receivables approximates the book value.

2. Cash and Cash equivalents

Current account Citco Bank N.V.	<u>23,556</u>	<u>548,936</u>
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The balances are at the Company's free disposal.

## EQUITY AND LIABILITIES

### 3. Equity

	Called-up share capital	Share premium reserve	Other reserves	Un- appropriated result	Total
	EUR	EUR	EUR	EUR	EUR
Book value as of April 1, 2018	18,000	1,050,000	(1,522,640)	504,414	49,774
Profit appropriation	-	-	504,414	(504,414)	-
Unappropriated profit	-	-	-	(32,454)	(32,454)
Book value as of March 31, 2019	<u>18,000</u>	<u>1,050,000</u>	<u>(1,018,226)</u>	<u>(32,454)</u>	<u>17,320</u>

The Company's capital consists of one or more shares with a nominal value of EUR 45.00.

As at March 31, 2019, 400 shares were issued and fully paid-up.

	<u>3/31/2019</u>	<u>3/31/2018</u>
	EUR	EUR
4. Current liabilities		
Trade creditors	3,816	4,723
Payables to shareholder	-	492,938
Accruals and deferred income	2,420	2,095
	<u>6,236</u>	<u>499,756</u>

The remaining term of the current liabilities is less than one year.

The payables to shareholder are specified as follows:

	<u>CCY</u>	<u>Amount in CCY</u>	<u>3/31/2019</u>	<u>3/31/2018</u>
			EUR	EUR
Payables to shareholder				
Taro Pharmaceuticals Industries Ltd.	EUR	-	-	473,865
Taro Pharmaceuticals Industries Ltd.	USD	-	-	19,073
			<u>-</u>	<u>492,938</u>

## COMMITMENTS AND CONTINGENCIES NOT INCLUDED IN THE BALANCE SHEET

There are no commitments and contingencies not included in the balance sheet to be disclosed.

5 NOTES TO THE PROFIT AND LOSS ACCOUNT 2018/2019

	2018/2019	2017/2018
	EUR	EUR
5. General and administrative expenses		
Management expenses	15,125	15,125
Legal expenses	6,658	10,450
Tax advisory expenses	5,165	17,517
General and administrative expenses	887	1,140
Tax penalty - CIT 2016	2,639	-
Bank expenses	1,436	1,060
	<u>31,910</u>	<u>45,292</u>
Financial income and expenses		
<i>Result on subsidiaries</i>		
Taro Pharmaceuticals Ireland Ltd	-	547,060
Taro Pharmaceuticals UK Ltd	(3)	-
Taro Pharmaceuticals Canada Ltd	(1)	-
	<u>(4)</u>	<u>547,060</u>
6. Interest and similar expenses		
Interest expense banks	<u>429</u>	<u>307</u>

Post balance sheet events

No major post balance sheet events affecting the financial statements have occurred to date.

Appropriation of the result for the 2017/2018 financial year

The 2017/2018 annual accounts were adopted by the General Meeting held on March 11, 2019. The General Meeting has determined the appropriation of the result as it was proposed.

Recognition of the loss for 2018/2019

The board of directors proposes to deduct the 2018/2019 result from the other reserves for an amount of EUR 32,454.

Awaiting the approval of the proposition of the 2018/2019 result by the General Meeting of Shareholders, the proposition is not recognised in the financial statements but included in the other reserves under unappropriated result.

Directors

During the period under review, the Company had two Managing Directors, who received no remuneration during the current or the previous financial year. The Company has no Board of Supervisory Directors.

Staff

During the 2018/2019 financial year the company had no employees.

The Board of Managing Directors,

Amsterdam,

Hellen de Kloet

Trust International Management (T.I.M) B.V.

## OTHER INFORMATION

### 1 Profit appropriation according to the articles of association

According to Article 19 of the Articles of Association The general meeting is authorized to determine the appropriation of profits established by the adoption of the annual accounts and to determine the distributions to the extent the shareholders equity exceeds the reserves to be maintained pursuant to the law or these articles of association.

A resolution of the general meeting entailing a distribution, among which the distribution at the charge of a reserve, has no effect as long as the board has not granted its approval. The board shall deny its approval only in case it knows or could reasonably foresee that the company is not capable to continue to pay its due payables after the distribution.

Only the amount of the mandatory payments of the nominal value of shares shall be taken into account in the calculation of the amount to be distributed on each share. The shareholders may agree unanimously to deviate from the previous sentence.

### 2 Independent Audit

Since the Company qualifies as a "small sized company", it is not legally required to have its accounts audited as provided for in Article 396, paragraph 7, of Book 2 of the Dutch Civil Code.