

**Breaking the Silence Ltd. (PBC)**

**Financial Reports**

**To December 31, 2011**

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# MERMER-BWEDER AND CO. – C.P.A. (Isr.)

## Auditors' Report to the Shareholders

Of

## Breaking the Silence Ltd. (PBC)

We have audited the enclosed balance sheets of **Breaking the Silence Ltd. (PBC)** (henceforth: the company) for the days December 31, 2011 and 2010 and its income and expenditure reports and its net changes in assets reports for each of the years that concluded on the aforementioned dates. These financial reports are the responsibility of the Board of Directors and the management of the company. Our responsibility is for our opinion on these reports, which is based upon our audit.

We carried out the audit according to accepted auditing standards, including the standards, which were set in the Accountants' Ordinance (Accountant's Way of Operation) – 1973. According to these standards we are required to plan and carry out the audit so as to ensure to a reasonable extent that the financial reports are not presented in a significantly erroneous way. A sample examination of the documents, which support the sums and information in the financial reports, is part of the auditing process. The audit also includes the evaluation of the accountancy rules employed and of the significant assessments that were made by the Board of Directors and the management of the company and assessment of the general propriety in the presentation of the financial reports. We are satisfied that our audit provides a proper basis for our opinion.

In our opinion, these financial reports reflect in a manner suitable to the accepted standards of accountancy, according to every significant evaluation, the financial state of the company for the days December 31, 2010 – 2011 and the results of its activities for each of the years, which concluded on those dates.

The following financial reports are presented in reported sums, according to the accountancy standards of the Israeli Institute for Accounting Standardisation.

Mermer Bweder and Co.

Bet Shemesh (Israel): April 22, 2012

Chartered Public Accountants

*Mermer Bweder & Co.*

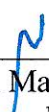
**Breaking the Silence Ltd. (PBC)**


**Balance Sheet**  
**In New Israeli Shekels**

		<b><u>For the Date December 31</u></b>	
	<b><u>Clarification</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b><u>Current Assets</u></b>			
Cash at bank and in hand		560,006	322,905
Bank Deposits		24,615	345,440
Income Tax Prepayments		--	17,357
Reimbursement to be received		--	5,278
Prepaid expenses		--	9,472
		<u>584,621</u>	<u>700,452</u>
<b><u>Long-Term Assets</u></b>	2	<u>190,967</u>	<u>188,182</u>
		<u>775,588</u>	<u>888,634</u>
		=====	=====
<b><u>Current Liabilities</u></b>			
Suppliers and service providers		35,668	67,277
Post-Dated Cheques		22,207	--
Employees and Tax Liability		82,779	94,368
Deferred Income	1. (C)	293,572	105,805
Accounts Payable		<u>11,000</u>	<u>10,000</u>
		<u>445,226</u>	<u>277,450</u>
		-----	-----
<b><u>Capital</u></b>			
Retained earnings -			
For activity		139,388	422,995
For long-term assets		190,967	188,182
Paid in Capital	3	<u>7</u>	<u>7</u>
		<u>330,362</u>	<u>611,184</u>
		-----	-----
		<u>775,588</u>	<u>888,634</u>
		=====	=====

The attached clarifications are an integral part of the financial reports.

April 27 2012  
Date

  
\_\_\_\_\_  
Michael Mankin  
Board member

  
\_\_\_\_\_  
Assaf Sharon  
Treasurer

**Breaking the Silence Ltd. (PBC)**

**Income and Expenditure Report**

In New Israeli Shekels

	<u>Clarification</u>	<u>For the year which concluded</u>	
		<u>On December 31</u>	
		<u>2011</u>	<u>2010</u>
<b>Income</b>			
Donations	4	3,013,024	3,625,002
		-----	-----
<b>Expenditure</b>			
Salary Expenses		1,144,715	1,253,866
Tours and transportation		946,125	702,978
Tours abroad		78,213	61,532
Printing and Exhibitions		384,923	380,192
Publications and distribution		144,731	* 283,052
Legal expenses		78,388	90,595
Legal staff		--	327,299
Depreciation		45,666	45,869
Other expenses		<u>14,845</u>	<u>8,802</u>
		2,837,606	3,154,185
		-----	-----
Net income from activities		175,418	470,817
Management and gen. expenditure	5	<u>438,433</u>	* <u>232,070</u>
Net income (expenditure) before financing		(263,015)	238,747
Financing		22,267	( 14,145)
Capital Loss from stolen long term asset		--	9,722
Net Income (Expenditure) per annum		<u>40,074</u>	<u>--</u>
		(280,822)	214,880

\* Reclassified

**Breaking the Silence Ltd. (PBC)**

**Net Changes in Assets Report**

In New Israeli Shekels

	<b><u>Retained Capital</u></b>			
	<b><u>Used for</u></b>	<b><u>Used for</u></b>	<b><u>Paid-in</u></b>	<b><u>Total</u></b>
	<b><u>Activity</u></b>	<b><u>Long-term assets</u></b>	<b><u>Capital</u></b>	
Balance for January 1, 2010	277,614	118,683	7	396,304
Net Income for the year	214,880	--	--	214,880
Retained capital that was used for purchasing long-term assets	(115,368)	115,368	--	--
Retained capital that was used for depreciation costs	<u>45,869</u>	<u>(45,869)</u>	--	--
Balance for December 31, 2010	422,995	188,182	7	611,184
Net Expenditure for the year	(280,822)	--	--	(280,822)
Retained capital that was used for purchasing long-term assets	(48,451)	48,451	--	--
Retained capital that was used for depreciation costs	<u>45,666</u>	<u>(45,666)</u>	--	--
Balance for December 31, 2011	139,388 =====	190,967 =====	7 ==	300,362 =====

