

VIPER NETWORKS, INC. AND SUBSIDIARIES

BALANCE SHEET

As of June 30, 2011

CURRENT ASSETS

Working Cash	\$	55,106
Cash		373
Accounts Receivable, Net of Allowance		2,129,143
Other Current Assets		85,401
Inventories		60,323
Total Current Assets		2,330,346

PROPERTY AND EQUIPMENT

Property and Equipment Furniture, Fixtures		1,611,120
Net Property and Equipment		1,611,120

OTHER ASSETS

Other Assets		32,339
Total Other Assets		

TOTAL ASSETS

\$ 3,973,805

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES

Accounts payable	\$	2,141,161
Accrued liabilities		384,125
Accrued Salaries - Farid Shouekani		1,403,758.00
Accrued Salaries - Hala Shouekani		125,407.00
Accrued Salaries - Venkat Venkataraju		139,799.00 *** *X
Accrued Salaries - Abdel Majid Almashour		154,440 * **
Short Term Debt		135,037
Loans from Related Parties		135,462
Loan Due to Shareholders		111,157
Taxes Payable		7,477
Total Current Liabilities		4,737,823

LONG-TERM LIABILITIES

Total Liabilities		4,737,823
-------------------	--	-----------

STOCKHOLDERS' EQUITY

Common Stock		193,145
Preferred Stock		3,752
Additional paid-in capital		19,363,648
Net Income		(417,663)
Treasury stock		(223,028)

* A portion of this indebtedness is represented by a Convertible Promissory Note dated April 10, 2010, in the principal amount of \$54,100, given to Mr. Almashour for earned and unpaid salary.

** A portion of this indebtedness is represented by a Convertible Promissory Note dated October 1, 2010, in the principal amount of \$13,106, given to Mr. Almashour for earned and unpaid salary.

*** A portion of this indebtedness is represented by a Convertible Promissory Note dated February 1, 2011 in the principal amount of \$135,000, given to Mr. Venkataraju for earned and unpaid salary.

*X A portion of this indebtedness is represented by a Convertible Promissory Note dated January 31, 2010, in the principal amount of \$50,190, given to Venkat Venkataraju for earned and unpaid salary.

Retained Earnings	(19,675,777)
Total Stockholders' Equity	<u>(764,018)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 3,973,805</u>

VIPER NETWORKS, INC. AND SUBSIDIARIES
INCOME STATEMENT

**6 Months Ended
June 30, 2011**

SALES

Revenue		\$	523,412
Less Returns and Allowances			-
Total Sales			523,412
Gross Profit			523,412

OPERATING EXPENSES

Auto Expenses			515
Bank Fees			1,675
Bankcard Expenses			720
Computer Expenses			395,000
Freight and Deliveries			265
Insurance - Liability			1,200
Legal Services			95,000
Marketing Expenses			4,500
Merchant Fees			665
Miscellaneous Expenses			12,700
Office Supplies			890
Postage & Other Mailing Costs			35
Rent			10,250
Salaries & Wages			404,000
Security			1,800
Taxes - Other			2,300
Telephone			2,670
Travel			6,890
Total Operating Expenses			941,075
Operating Income (Loss)			(417,663)
Other Income (Expenses)			-
Net Income (Loss) Before Taxes			(417,663)
Net Income (Loss)		\$	(417,663)