

WQN, Inc.
Condensed Balance Sheets
Unaudited

	<u>June 30, 2011</u>	<u>December 31, 2010</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 156,015	\$ 590
Prepaid expenses and deposits	-	-
Total current assets	<u>156,015</u>	<u>590</u>
Property and equipment, net	-	-
Investment in WebSafety	2,700,000	2,700,000
Cumulative share of net income (loss) in Websafety	<u>(2,600,584)</u>	<u>(2,233,885)</u>
Net investment in WebSafety	99,416	466,115
Investment in SeaView Capital, LP	<u>768,545</u>	<u>768,545</u>
TOTAL ASSETS	<u><u>\$ 1,023,976</u></u>	<u><u>\$ 1,235,250</u></u>
LIABILITIES AND SHAREHOLDERS' (DEFICIENCY)		
Current liabilities:		
Accounts payable	\$ 830,846	\$ 831,518
Accrued expenses	264,376	352,200
Other current liabilities	-	-
Total current liabilities	<u>1,095,222</u>	<u>1,183,718</u>
TOTAL LIABILITIES	<u><u>1,095,222</u></u>	<u><u>1,183,718</u></u>
Shareholders' (deficiency):		
Common stock - \$0.01 par value; 50,000,000 shares authorized; 9,565,370 and 6,830,062 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively	96,133	68,780
Preferred stock - \$0.01 par value; 50,000,000 shares authorized; no shares issued and outstanding	-	-
Additional paid-in capital	36,740,369	36,494,191
Accumulated (deficit)	<u>(36,765,256)</u>	<u>(36,614,503)</u>
Total shareholders' (deficiency)	<u>71,246</u>	<u>(51,532)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIENCY)	<u><u>\$ 1,023,976</u></u>	<u><u>\$ 1,235,250</u></u>
	\$ 0	\$ (0)