

**WQN, Inc.**  
**Condensed Balance Sheets**  
**Unaudited**

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 83,950	\$ 590
Other receivables	\$ 500,000	
Prepaid expenses and deposits	-	-
Total current assets	<u>583,950</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>(2,700,000)</u>	<u>(2,233,885)</u>
Net investment in WebSafety	-	466,115
Investment in SeaView Capital, LP	<u>810,271</u>	<u>768,545</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,394,221</u></u>	<u><u>\$ 1,235,250</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 423,314	\$ 424,990
Accrued expenses	-	-
Other current liabilities	68,673	118,173
Income tax payable	-	-
Total current liabilities	<u>491,987</u>	<u>543,163</u>
<b>TOTAL LIABILITIES</b>	<u><u>491,987</u></u>	<u><u>543,163</u></u>
Shareholders' (deficiency):		
Common stock - \$0.01 par value; 50,000,000 shares authorized; 22,065,370 and 6,830,062 shares issued and outstanding at December 31, 2011 and Dec. 31, 2010 & Dec. 31, 2009, respectively	220,654	68,780
Preferred stock - \$0.01 par value; 50,000,000 shares authorized; no shares issued and outstanding	-	-
Additional paid-in capital	37,187,721	36,494,191
Accumulated (deficit)	<u>(36,506,140)</u>	<u>(35,870,884)</u>
Total shareholders' equity	<u>902,234</u>	<u>692,087</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>\$ 1,394,221</u></u>	<u><u>\$ 1,235,250</u></u>