

**ISSUER INFORMATION
AND
QUARTERLY UPDATE DISCLOSURE STATEMENT**

SIMULATED ENVIRONMENT CONCEPTS, INC.

20229 NE 15th Court • Miami, FL 33179 • U.S.A.

tel. 888.757.0797 • 305.651.9200 • fax. 305.651.6505

web. www.spacapsule.com • e-mail. success@spacapsule.com



Second Quarter of 2011

June 30, 2011

Disclaimer Regarding Unaudited Financial Results

The unaudited financial information set forth herein is preliminary and subject to material adjustments and modifications. Investors should note that the Company is in the process of completing its initial financial statement audit and that the financial information presented herein may differ substantially from that reflected upon the completion of the final audit. The audited financial statements will be released as soon as practicable after completion of the audit, although the Company can provide no assurances as the timing or the eventual completion of the audit. Adjustments, accruals and other material modifications to the financial statements may be identified during the course of the audit work, which could result in significant differences from these financial statements and investors and readers of these financial statements should take this into consideration before making an investment in the Company.

Because we want to provide more meaningful and useful information, this Report contains certain "forward-looking statements" (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended). These statements reflect our current expectations regarding our possible future results of operations, performance, and achievements. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, regulation of the Securities and Exchange Commission, and common law.

Item I The exact name of the issuer and its predecessor (if any).

The exact name of the Issuer is Simulated Environment Concepts, Inc. (the "Issuer" or "Company"). Until September 2007 - Simulated Environment Concepts, Inc. was a privately held company. On October 1, 2007 the Company was acquired on a stock for stock exchange with 5th Avenue Channel Corporation, with Simulated Environment Concepts, Inc. being the surviving corporation and the current issuer. Other than listed above, the corporation has used no other names in the past five years.

Item II The address of the issuer's principal executive offices.

20229 NE 15th Court
N Miami Beach, FL 33179
Phone: 305-651-9200
Fax: 305-651-6505
E-mail: succes@spacapsule.com
Website: <http://www.spacapsule.com>

Item III The jurisdiction(s) and date of the issuer's incorporation or organization.

Jurisdiction is State Florida; Date of Incorporation: 1993

Item IV The exact title and class of securities outstanding.

The corporation has authorized two classes of securities, common stock and a preferred stock. The issuer's CUSIP number is 82920N 104.

The issuer's trading symbol is SMEV.

The issuer has one class of common stock with 11,000,000,000 common shares authorized and the issuer has one class of preferred stock with 1,000,000 preferred shares authorized.

Item V The par or stated value of each class of security.

A. Par or Stated Value.

The par value for the common stock authorized and issued by the issuer is \$0.001.

The par value for the preferred stock authorized and issued by the issuer is \$1.00.

B. Common or Preferred Stock.

1. Each share of common stock of the Issuer has one vote, and is entitled to dividends, if and when authorized and issues by the Board of Directors. There are no preemptive rights.
2. The preferred stock, One Million (1,000,000) shares are designated as Preferred Stock having a par value of one Dollar (\$1.00) per share

Item VI The number of shares or total amount of the securities outstanding for each class of securities authorized.

	COMMON STOCK	PREFERRED STOCK
Shares Authorized	11,000,000,000	1,000,000
Shares Outstanding	692,595,310	721,978
Free Trading	329,972,074	N/A
Number of Shareholders	156	10

Item VII The name and address of the transfer agent.

American Registrar & Transfer Co.

342 East 900 South

Salt Lake City, UT 84111

(801) 363-9065

(801) 363-9066

<http://www.americanregistrar.net>

American Registrar and Transfer Company, Inc. is registered under the Federal Exchange Act, and as such is regulated by the Securities and Exchange Commission.

Item VIII The nature of the issuer's business.

Part A Business Development.

1. The form of the organization of the issuer;

Simulated Environment Concepts, Inc. is a Florida Corporation.

2. The year the issuer (or any predecessor) was organized;

The Issuer was organized under the laws of the State of Florida in 1993.

3. The Issuer's fiscal year end date;

The issuer's fiscal year end date is December 31.

4. Whether the issuer has been in bankruptcy, receivership, or any similar proceeding;

There has been no history of bankruptcy, receivership or any similar proceedings.

5. Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business;

No.

6. Any default of the terms of any note, loan, lease, or other indebtedness or other indebtedness or financing arrangement requiring the issuer to make payments.

Issuer has not experienced any material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within 30 days, with respect to any indebtedness of the issuer exceeding 5% of the total assets of the issuer. Nor has issuer experienced any material arrearage in the payment of dividends, or any other material delinquency not cured within 30 days.

7. Any change of control.

There has been no change of control.

8. Any increase in 10% or more of the same class of outstanding equity securities;

In second quarter of 2011 there was an increase of more than 10% of the outstanding common stock as compared to previous quarter.

9. Any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization;

There are no pending or anticipated stock splits, stock dividend, recapitalization, merger, spin-off, or reorganization.

10. Any delisting of the issuer's securities by any securities exchange or NASDAQ;

No.

11. Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.

No.

Part B - Business of Issuer.

1. The issuer's primary and secondary SIC codes;

The issuer's primary SIC Code is 3999 and secondary codes of 7352.

2. Whether the issuer has never conducted operations, is in the development stage or is currently conducting operations.

The Issuer is currently conducting operations, manufactures, and distributes products.

3. Whether the issuer is or has at any time been a "shell company".

The issuer is not considered a "shell company" pursuant to SEC Rule 405 of the Securities Act of 1933.

4. The names of any parent, subsidiary, or affiliate of the issuer, and describe its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this disclosure document.

There are no parents, subsidiaries or affiliates of issuer that are included in the financial statements attached to this disclosure document.

5. The effect of existing or probable governmental regulations on the business;

There are no known effects on existing or probable governmental regulations on the ongoing operations of the business.

6. Costs and effects of compliance with environmental laws (federal, state and local);

Not applicable.

7. Total number of employees and number of full time employees;

The issuer at the date of this disclosure had eight full-time employees. Currently the issuer has seven full-time employees and 18 subcontracted consultants.

Item IX The nature of products or services offered.

A. Principal products or services, and their markets;

The inspiration for the company was the realization that in today's fields of rehabilitation, rejuvenation, weight loss, distressing and anti-aging there is a need for a successful and affordable business tool, i.e., a "money making" product that is easy to use, affordable and may be integrated in the wide range of business settings. The founders of the company also envisioned the need to design an effective, self-sustaining relaxation, anti-aging, slimming and weight loss device that would efficiently (within 10-15 minutes) simulate an environment of serene relaxation and rejuvenation. A beautiful Capsule suitable for today's technologically advanced and esthetically demanding, busy, "on the go" corporate world. Further, based on company's invented massage technology, founders wanted to create a device that will be used in medical rehabilitation and pain management; such device will be marketed to chiropractors, physical therapists, plastic surgeons, physiatrists, and sport teams.

Simulated Environment Concepts, Inc. is the US based manufacturer and distributor of SpaCapsule® and PTjetCapsule®. The company creates innovative, high-quality simulated environment products for medical market, health and beauty market, businesses and

consumers. Simulated Environment Concepts dominates the market in health-related wellness, relaxation, de-stressing, weight loss, cellulite reduction, pain management, physical therapy and rejuvenation equipment. Simulated Environment Concepts is the Miami based developer and manufacturer of the patented SpaCapsule® and PTjetCapsule® that can be found in many environments such as Corporate Employee Lounges, Relaxation Centers, Gyms and Health Clubs, Doctor's Offices, Hotels, Tanning and Beauty Salons/Spas, Luxury Accommodations, Gulf Clubs, Ski Lounges, Shopping Centers and Malls, Airports, Cruise Ships, Luxury Yachts, Homes, and many other venues. Massage-Capsule Technology was created to provide de-stressing and an amazing relaxation experience. The Massage-Capsule Technology was designed and tested by Doctors. It is in the forefront of mainstream healthcare alternatives. It seamlessly integrates cutting edge technology and relaxing elements, such as Audio and Video Stimulation, Aroma Therapy, iPod® / iPhone®, and Oxygen into the best product ever designed by the company.

B. Distribution methods of the products or services;

Product is located and displayed in prominent malls and incorporated into multiple franchise models in the US and Europe; it is sold to corporate offices, healthcare facilities, tanning salons, hotels, resorts, spas, gyms and private residences. Simulated Environment Concepts, Inc. utilizes distributors located in US, Canada, and other countries (SpaCapsule® equipment is located in over 40 countries) All units are delivered from the factory to distributors who deliver directly to the customer.

Revenue Sources: Sales of SpaCapsule® Units, components, parts, accessories, and peripheral massage and health related items.

Technology: SpaCapsule® and Massage-Capsule Technology is patented, proprietary technology.

Status of the public announcements regarding products or services: The product is being distributed since November 2002 and is well accepted by the marketplace.

C. Status of any publicly announced new product or service;

Not applicable.

D. Dependence on one or a few major customers;

The Company is not dependent upon a few major customers for its sales.

E. Patents, trademarks, licenses, franchises, concessions, royalty agreements, or labor contracts, including their duration;

SpaCapsule® is protected by two domestic and international patents; another domestic patent is being prepared for filing. As of today, there are still 16 years of protection afforded by the domestic patents.

F. The need for government approval of principal products or services and the status of any requested government approvals.

No Government approvals are required

Item X The nature and extent of the issuer's facilities.

The Company owns no real estate. It currently leases its corporate offices located at 20229 NE 15th Court, N. Miami Beach, Florida 33179. Currently the company is seeking to lease expanded space to accommodate projected growth.

The Company owns equipment purchased required to manufacture and assemble the SpaCapsule®. The equipment resides at 20229 NE 15th Court, Miami, FL 33179.

Item XI The name of the chief executive officer, members of the board of directors, as well as control persons.**A – Officers and Directors**

Ella Frenkel, President

20229 NE 15th Court, Miami, FL 33179

Other board memberships and affiliations – None

Compensation - \$160,000 annually with additional bonuses as applicable

Number of Shares Owned: 60,750,000 - 144 Restricted Common Shares and 700,000 preferred shares

Dr. Frenkel is an enthusiastic businesswoman and a proud mother of four children. Dr. Frenkel received her undergraduate education at Temple University in Philadelphia and became a Doctor of Chiropractic upon completion of Pennsylvania College of Chiropractic in 1989. While in her practice she was able to fuse medical and chiropractic fields to consistently gross \$ 1.2-1.5M annually. In 1996, after her relocation to Florida, Dr. Frenkel has been closely involved with the development and implementation of a new and exciting, rapidly-growing concept of "Massage and Health Awareness Evolution" and resulting development and manufacture of SpaCapsule® health appliance.

Ilya Spivak, Secretary and Product Development Manager

20229 NE 15th Court, Miami, FL 33179

Other board memberships and affiliations – None

Compensation - \$120,000 annually with additional bonuses as applicable

Number of Shares Owned 60,000,000 - 144 Restricted Common Shares

Dr. Ilya Spivak is an inventor and is the product development supervisor. As a successful chiropractor, Dr. Ilya Spivak has assisted many manufacturers in improving their products. He has always been on the cutting edge of technology with innovations and ideas. His dream came true with the successful invention of the SpaCapsule®. His knowhow and expertise in the field of chiropractic has made the SpaCapsule® an indispensable tool in today's marketplace. His business savvy has attracted sufficient capital to fund research, development, tooling, production, and worldwide distribution channels.

Directors

Ella Frenkel and Ilya Spivak

B - Legal/Disciplinary History Identify whether any of the foregoing persons have in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None.

2. The entry of an order, judgment, or decree not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such a person's involvement in any type of business, securities, commodities, or banking activities;

None.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the SEC, the CFTC, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated;

None.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

None.

C - Disclosure of Certain Relationships

None.

D - Disclosure of Related Party Transactions

None.

E - Disclosure of Conflicts of Interest

None.

Item XII Financial information for the issuer's most recent fiscal period.

See Attached

Item XIII Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

See Attached

Item XIV Beneficial Owners and Affiliates.

Ella Frenkel

President

20229 NE 15th Court

N. Miami Beach, Florida 33179

Owns 60,750,000 shares of 144 restricted common stock and 700,000 of preferred shares.

Ilya Spivak
Secretary
20229 NE 15th Court
N. Miami Beach, Florida 33179
Owns 60,000,000 shares of 144 restricted common stock

Alex Grichiner
Administrator
20229 NE 15th Court
N. Miami Beach, Florida 33179
Owns 60,000,000 shares of 144 restricted common stock

Item XV The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:

Arthur S. Marcus Esq.
Gersten, Savage, Kaplowitz, Wolf & Marcus, LLP
101 East 52nd Street - 9th Floor
New York, New York 10022
(212) 752-9700

Malone & Bailey, PC
10350 Richmond Ave.
Suite 800
Houston, TX, 77042

Eventus Advisory Group, LLC
14201 N. Hayden Road, Suite A-1
Scottsdale, AZ 85260

David E. Price, Esq
Law Office of David E. Price
13520 Oriental St
Rockville, MD 20853

Item XVI Management's Discussion and Analysis or Plan of Operation.

Some of the statements contained in this Quarterly Report that are not historical facts are "forward-looking statements" which can be identified by the use of terminology such as "anticipate," "believe," "estimate," "expect," "plan," "project," "intend," or the negative or other variations, or by discussions of strategy that involve risks and uncertainties. We urge you to be cautious of the forward-looking statements, that such statements, which are contained in this Quarterly Report, reflect our current beliefs with respect to future events and involve known and unknown risks, uncertainties and other factors affecting our operations, market growth, services, products and licenses. No assurances can be given regarding the achievement

of future results, as actual results may differ materially because of the risks we face, and actual events may differ from the assumptions underlying the statements that have been made regarding anticipated events. Factors that may cause actual results, our performance or achievements, or industry results, to differ materially from those contemplated by such forward-looking statements include without limitation:

- Our ability to attract and retain qualified management;
- Our ability to raise capital when needed and on acceptable terms and conditions;
- Our ability to successfully manufacture market and sell the Company's products;
- The intensity of competition; and
- General economic conditions;

All written and oral forward-looking statements made in connection with this Report that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, you are cautioned not to place undue reliance on such forward-looking statements.

Review of Operations: We are seeing continued interest for our flagship product SpaCapsule® domestically and internationally. During the second quarter of 2011, we have completed and shipped multiple units. As compared to 2010 and 2009, in 2011 our sales activity is more robust and growing. The increase in revenue during the second quarter of 2011 when compared to first quarter of 2010 is related primarily to an increased demand for our flagship product SpaCapsule® which led to higher number of products sold when compared to the same period of 2010. Sales to customers accounted for the majority of the revenue.

Liquidity and Capital Resources Since inception, the Company has financed its activities solely from the private sales of its securities and the incurrence of debt. During the next twelve months, the Company plans to expand its business by educating consumers on the benefits of its products. The Company intends on providing significant marketing assistance to its distributors and the health services professionals. The Company plans to finance its growth through traditional investor-based sources as well as additional potential debt and equity private placements. There can be no assurance that financing sufficient to enable us to expand and grow our business will be available to us in the future.

Off-Balance Sheet Arrangements We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to investors. Certain officers and directors of the Company have pledged their securities as collateral to our various lenders as required for the extension of credit to the Company.

Item XVII List of securities offerings and shares issued for services in the past two years.

See Attached

Item XVIII Material Contracts.

N/A

Item XIX Articles of Incorporation and Bylaws.

See Documents submitted to OTC Disclosure and News Service on November 19, 2007

<http://www.otcmarkets.com/stock/SMEV/financials>

Item XX Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

N/A

<i>SIMULATED ENVIRONMENT CONCEPTS, INC.</i>	
June 30, 2011	
(UNAUDITED)	
BALANCE SHEET	
CURRENT ASSETS	
Cash	4,984
Inventory	129,342
OTHER ASSETS	
Fixed Assets	62,070
Intellectual Property	1,333,262
Deposits	37,612
TOTAL ASSETS	1,567,270
LIABILITIES AND STOCKHOLDER DEFICIT	
CURRENT LIABILITIES	
Accounts Payable	17,897
Bank Credit Lines	62,085
Stock Payable	139,293
Other Notes Payable	962,811
Convertible Line of Credit	227,640
Convertible Debenture	78,700
TOTAL LIABILITIES	1,488,426
Commitments and Contingencies	
STOCKHOLDER'S DEFICIT	
Series A and Blank Check convertible preferred stock, \$1 par value per share; 1,000,000 shares authorized, 721,978 issued	721,978
Common stock issued, \$0.001 par value per share;	692,595
Additional Paid-in Capital	1,309,538
Accumulated Deficit	(2,645,267)
TOTAL SHAREHOLDER DEFICIT	78,844
TOTAL LIABILITIES	1,567,270

<i>SIMULATED ENVIRONMENT CONCEPTS, INC.</i>		
For six months ending June 30, 2011		
(UNAUDITED)		
STATEMENT OF OPERATIONS		
	YTD	2 nd Q
SALES	\$1,056,986	478,889
COST OF SALES	262,830	140,925
GROSS PROFIT	794,156	337,964
TOTAL OPERATING EXPENSES	671,706	308,927
INCOME (LOSS) FROM OPERATIONS	122,450	29,037
INTEREST EXPENSE	(1,325)	(523)
LOSS FROM DEBT RETIREMENT	-	-
NET INCOME (LOSS)	68,450	29,037

<i>SIMULATED ENVIRONMENT CONCEPTS, INC.</i>		
Second Quarter of 2011		
(UNAUDITED)		
STATEMENT OF STOCKHOLDER'S DEFICIT		
SERIES A PREFERRED STOCK	SHARES	721,875
	AMOUNT	721,875
COMMON STOCK	SHARES	692,595,310
	AMOUNT	692,595
ADDITIONAL PAID-IN CAPITAL	1,309,538	
ACCUMULATED DEFICIT	(2,678,468)	
TOTAL STOCKHOLDER'S DEFICIT	45,643	

<i>SIMULATED ENVIRONMENT CONCEPTS, INC.</i>	
For the six months period ended June 30, 2011	
STATEMENT OF CASH FLOWS	
(UNAUDITED)	
CASH FLOW FROM OP. ACTIVITIES NET INCOME (LOSS)	122,131
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation and amortization expense	-
Change in accounts receivables	(281,297)
Change in inventory net of deposits	(46,986)
Change in accounts payable	(10,356)
Change in other Notes Payable	169,261
Change in convertible debentures	-
Change in convertible credit lines	(17,574)
Change in stock payable	-
Change in bank credit line	(2,575)
Change in common stock	126,341
Change in additional paid in capital	77,524
Change in stock Escrow	-
Change in Preferred Stock	-
Net cash source from operating activities	136,468
NET INCREASE (DECREASE) IN CASH	14,338
CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD	(12,822)
CASH AND CASH EQUIVALENTS, END OF PERIOD	123,646

SIMULATED ENVIRONMENT CONCEPTS, INC.
Notes to Financial Statements

Disclaimer Regarding Unaudited Financial Results

The unaudited financial information set forth herein is preliminary and subject to material adjustments and modifications. Investors should note that the Company is in the process of completing its initial financial statement audit for the year ended December 31, 2010 and that the financial information presented herein may differ substantially from that reflected upon the completion of the final audit. The audited financial statements will be released as soon as practicable after completion of the audit, although the Company can provide no assurances as the timing or the eventual completion of the audit. Adjustments, accruals and other material modifications to the financial statements may be identified during the course of the audit work, which could result in significant differences from these financial statements and investors and readers of these financial statements should take this into consideration before making an investment in the Company.

Note 1 - Summary of Significant Accounting Policies

Nature of Business

At inception of Simulated Environment Concepts, Inc. the founders of the company envisioned the need to design an effective, self-sustaining relaxation, anti-aging, slimming and weight loss device that would efficiently (within 10-15 minutes) simulate an environment of serene relaxation and rejuvenation. Based on the company's invented massage technology, founders wanted to create a device that would be used in medical rehabilitation and pain management; such device to be marketed to chiropractors, physical therapists, plastic surgeons, physiatrists, and sport teams.

Until September 2007 - Simulated Environment Concepts, Inc. was a privately held company. On October 1, 2007, it was acquired on a stock for stock exchange with Fifth Avenue Channel Corporation, with Simulated Environment Concepts, Inc. being the surviving corporation.

Basis of Presentation

The financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenue and expenses in the statement of operations. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. These accounts may at times exceed federally

insured limits. The Company has not experienced any losses on such accounts. As of June 30, 2011, there were no cash balances in excess of federally insured limits.

Inventory

The Company designs, builds, and assembles its products for sale. The Company maintains parts, materials and production in process inventory. All inventory is valued on a lower of cost or market and on the first in first out basis.

Fair Value of Financial Instruments

For certain of our financial instruments, including accounts receivable, accounts payable, accrued expenses, interest payable, bank overdraft, advances payable and notes payable, the carrying amounts approximate fair value due to their relatively short maturities.

Deferred Financing Costs

Payments, either in cash or share-based payments, made in connection with the sale of debentures are recorded as deferred debt issuance costs and amortized using the effective interest method over the lives of the related debentures.

Property, Plant & Equipment

Property and equipment are carried at valued cost. Depreciation is provided using the straight-line method for financial reporting purposes based on estimated useful lives of three years.

The cost of asset additions and improvements that extend the useful lives of property and equipment are capitalized. Routine maintenance and repair items are charged to current operations. The original cost and accumulated depreciation of asset dispositions are removed from the accounts and any gain or loss is reflected in the statement of operations in the period of disposition.

Income Taxes

An asset and liability approach is used for financial accounting and reporting for income taxes. Deferred income taxes arise from temporary differences between income tax and financial reporting and principally relate to recognition of revenue and expenses in different periods for financial and tax accounting purposes and are measured using currently enacted tax rates and laws. In addition, a deferred tax asset can be generated by net operating loss carryforwards ("NOLs"). If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

Revenue Recognition

The Company recognizes revenues when Products have been considered delivered in accordance with the purchase agreements, collections are reasonably assured and no further obligations exists.

Stock-Based Compensation

Stock-based compensation expense includes the estimated fair value of equity awards vested during the reporting period. The expense for equity awards during the reporting period is

determined based upon the grant date fair value of the award and is recognized as expense on the grant date. All shares issued to date for stock-based compensation have vested on the grant date.

Loss Per Share

Basic and diluted net income (loss) per share calculations is presented in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, and are calculated on the basis of the weighted average number of common shares outstanding during the period. They include the dilutive effect of common stock equivalents in periods with net income.

Common stock equivalents represent the dilutive effect of the assumed conversion of convertible notes payable and convertible preferred stock, using the "if converted" method, at either the beginning of the respective period presented or the date of issuance, whichever is later, and only if the common stock equivalents are considered dilutive based upon the Company's net income (loss) position at the calculation date. Common stock equivalents also include the effect of the exercise of outstanding warrants using the treasury stock method, at either the beginning of the respective period presented or the date of issuance, whichever is later, and only if the warrants are considered dilutive based upon the exercise price of the warrants and the average trading price of the stock during the period. All common stock equivalents were considered anti-dilutive for the quarter ended June 30, 2011.

Recently issued accounting pronouncements

Simulated Environment Concepts, Inc. does not expect that any recently issued accounting pronouncements will have a significant impact on the financial statements of the Company.

Note 2 - Federal Income Tax

The discussion and disclosure concerning Federal Income Tax Obligations for the year 2011 will be at appropriate time when obligations are due or become due later this year. The following is a carry-over discussion from 2010 year-end disclosure.

At December 31, 2010, The Company had net operating loss carryforwards of approximately \$1,303,120 that may be offset against future taxable

The tax effects of significant temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below for the years end December 31, 2009 and 2010.

	<u>2009</u>	<u>2010</u>
Deferred tax asset		
Net operating loss carryforward	\$ 200,000	\$ 600,000
 Total gross deferred tax assets	 \$ 200,000	 \$ 600,000
Less: Valuation allowance	(300,000)	(600,000)
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

The effective tax rate is substantially the same as the statutory rate for the years ended December 31, 2009 and 2010.

Note 3 - Stockholders Equity

Preferred Stock

On November 15, 2007, The Company amended its Articles of Incorporation to amend its authorized shares to the following:

	Number of authorized shares
Preferred Stock	1,000,000
Common stock	11,000,000,000
Total authorized shares	11,001,000,000

The Board of Directors is vested with the authority to fix, from time-to-time, the voting powers and other designations of each class of stock.

For 21,875 Shares of Blank Check Preferred Stock, the Board has made following designations:

SHAREHOLDER HAS ONE EQUIVALENT VOTING RIGHT AS COMMON SHAREHOLDERS FOR EACH SHARE OWNED. SHAREHOLDER HAS THE RIGHT TO CONVERT THESE PREFERRED SHARES TO EQUAL 10,000 (TEN THOUSAND) OF THE ISSUED AND OUTSTANDING COMMON STOCK AT THE TIME OF CONVERSION FOR EVERY ONE SHARE OF THE PREFERRED STOCK.

For the 700,000 Series A Convertible Preferred Stock, the Board has made following designations:

SHAREHOLDER HAS 10,000 EQUIVALENT VOTING RIGHTS AS COMMON SHAREHOLDERS FOR EACH SHARE OWNED. THESE PREFERRED SHARES CARRY NO DIVIDENDS. THESE PREFERRED SHARES CARRY NO LIQUIDATING PREFERENCE AND MAYBE REDEEMED ON ONE TO ONE RATIO FOR THE SHARES OF COMMON STOCK. THESE PREFERRED SHARES ARE NOT SUBJECT TO REVERSE STOCK SPLITS AND OTHER CHANGES TO THE COMMON STOCK OF THE COMPANY.

I, Ella Frenkel, President and Chief Executive Officer of Simulated Environment Concepts, Inc., hereby certify that:

1. I have reviewed this information disclosure statement of Simulated Environment Concepts, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as, and for, the periods presenting this disclosure statement.

Date: July 1, 2011

/s/ Ella Frenkel
By: Ella Frenkel
President and Chief Executive Officer