

# **SOMATIC SYSTEMS, INC.**

## **FINANCIAL STATEMENTS**

<p>2009 Fiscal Year, 2<sup>ND</sup> Quarter April 1, 2009 – June 30, 2009</p>
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2009 Fiscal Year, 2nd Quarter  
April 1, 2009 – June 30, 2009

## **TABLE OF CONTENTS**

	<b>Page</b>
Part I. Certification of Chief Executive Officer	1
Part II. Consolidated Interim Statement of Income <i>For 2009 Fiscal Year, 2nd Quarter, Ending June 30, 2009</i>	2
Part III. Consolidated Interim Balance Sheet Statement <i>As of June 30, 2009</i>	3
Part IV. Interim Statement of Cash Flows <i>For 2009 Fiscal Year, 2nd Quarter, Ending June 30, 2009</i>	4
Part V. Interim Statement of Changes in Stockholders' Equity (Deficiency) <i>For 2009 Fiscal Year, 2nd Quarter, Ending June 30, 2009</i>	5
Part VI. Notes to Financial Statements	6 - 8

# CERTIFICATION

I, Steven Aronstein, Chief Executive Officer of Somatic Systems, Inc., hereby certify that the consolidated interim financial statements filed herewith and the attached notes, fairly present, in all material respects, the financial position, results of operations, cash flows and changes in stockholders' equity (deficiency) as of and for the quarter ending June 30, 2009, in conformity with generally accepted accounting principles in the United States of America for financial statements, consistently applied.

Dated this 3rd day of December, 2009

A handwritten signature in cursive script, appearing to read "Steve Aronstein".

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Steven Aronstein,  
Chief Executive Officer

Part II. SOMATIC SYSTEMS, INC.  
CONSOLIDATED INTERIM STATEMENT OF INCOME  
FOR QUARTER ENDING 6/30/2009

	6/30/09
Sales Revenue	\$ 57,623.46
Other Revenue	\$ -
Total Revenue	<u>\$ 57,623.46</u>
Direct Costs	\$ 4,298.37
Raw Materials	\$ -
Labor	\$ -
Total Direct Costs	<u>\$ 4,298.37</u>
Gross Profit	\$ 53,325.09
G & A Expenses	
Salaries & Wages	\$ 2,275.00
Payroll Taxes	\$ 308.73
Contracted Labor	\$ 2,000.00
Sales Expenses/Advertising	\$ 77.10
Office Expenses	\$ 26,615.94
Professional Fees	\$ 297,710.43
Depreciation	\$ 6,313.11
Interest Expense	\$ 5,000.00
Other G & A Expenses	\$ 4,270.41
Total G & A Expenses	<u>\$ 344,570.72</u>
Profit (Loss) before Other Income	\$ (291,245.63)
Other Income	\$ 25.00
Income (Loss) Before FIT	\$ (291,220.63)
Income Tax	<u>\$ -</u>
Net Income (Loss)	<u><u>\$ (291,220.63)</u></u>

Part III. SOMATIC SYSTEMS, INC.  
CONSOLIDATED INTERIM BALANCE SHEET STATEMENT  
AS OF 6/30/2009

6/30/09

ASSETS

Current Assets

Cash	\$	7,671.34
Account Receivable	\$	36,997.50
Notes/Interest Receivable	\$	-
Other Assets/Database	\$	36,619.22
Total Current Assets	\$	<u>81,288.06</u>

Property, Plant & Equipment	\$	214,493.35
Less : Accumulated Depreciation	\$	<u>(74,320.65)</u>
Net Fixed Assets	\$	140,172.70

TOTAL ASSETS	\$	<u><u>221,460.76</u></u>
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LIABILITIES & EQUITY

Current Liabilities

Accounts Payable	\$	165,659.37
Accrued and Other Liabilities	\$	58,180.16
Loans Payable	\$	12,547.00
FIT Payable	\$	-
Total Current Liabilities	\$	<u>236,386.53</u>

Long Term Debt

Notes Payable - Long Term	\$	354,887.87
Total Long Term Debt	\$	<u>354,887.87</u>

TOTAL LIABILITIES	\$	591,274.40
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STOCKHOLDERS' EQUITY/(DEFICIENCY)

Common Stock \$0.0001 Par Value (Authorized 15 billion shares; issued and outstanding 14,968,578,256 shares)	\$	929,641.01
Additional Paid in Capital	\$	241,405.00
Retained Earnings - Prior	\$	(1,249,639.02)
Net Income (Loss)	\$	<u>(291,220.63)</u>
Retained Earnings - Total Deficit	\$	(1,540,859.65)

TOTAL STOCKHOLDERS' EQUITY/(DEFICIENCY)	\$	(369,813.64)
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TOTAL LIABILITIES & EQUITY DEFICIENCY	\$	<u><u>221,460.76</u></u>
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Part IV. SOMATIC SYSTEMS, INC.  
INTERIM STATEMENT OF CASH FLOWS  
FOR QUARTER ENDING 6/30/2009

CASH FLOWS FROM OPERATIONS	6/30/09
Net Earnings (Loss)	\$ (291,220.63)
Adjustments to earnings not requiring cash	\$ -
Depreciation	\$ 6,313.11
Stock Issued for Consulting Services	\$ 277,500.00
Deferred Income Taxes	\$ -
	<u>                    </u>
Cash Flows from Operations Before Changes in Current Assets & Liabilities	\$ (7,407.52)
Changes in Current Assets & Liabilities	
Decrease (Increase) in Receivables	\$ (24,610.00)
Decrease (Increase) in Notes Receivables	\$ -
Decrease (Increase) in Other Assets	\$ -
(Decrease) Increase in Payables	\$ 7,436.00
(Decrease) Increase in Accrued Expenses	\$ 16,809.76
	<u>                    </u>
Net Cash Used in Operating Activities	\$ (7,771.76)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Principle Payments on Notes	\$ -
Purchase of Property, Plant & Equipment	\$ (373.46)
Sales or Retirement of Property, Plant & Equipment	\$ -
	<u>                    </u>
Net Cash Used by Investing Activities	\$ (373.46)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Loans	\$ 12,547.00
Proceeds from Equity Financing & Notes	\$ -
	<u>                    </u>
Net Cash Provided by Financing Activities	\$ 12,547.00
 NET CHANGE IN CASH & CASH EQUIVALENTS BETWEEN QUARTER ENDING 3/31/09 & 6/30/09	<u><u>                    </u></u> \$ 4,401.78

**Supplemental disclosures of cash flow information:**

Cash paid during the quarter for:

Taxes	\$ -
Interest	\$ -
	<u><u>                    </u></u>

Part V. SOMATIC SYSTEMS, INC.  
INTERIM STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)  
FOR QUARTER ENDING 6/30/2009

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>APIC</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>		<u>Deficit</u>	
Balances March 31, 2009	-	-	9,418,578,256	\$ 652,141	\$ 241,405	\$ (1,249,639)	\$ (356,093)
Cash	-	-			\$ -	\$ -	\$ -
Stock issued for: Consulting services	-	-	5,550,000,000	\$ 277,500	\$ -	\$ -	\$ 277,500
Net Income /(Loss) for the quarter	-	-	-	\$ -	\$ -	(291,221)	\$ (291,221)
Balances June 30, 2009			<u>14,968,578,256</u>	<u>\$ 929,641</u>	<u>\$241,405</u>	<u>\$(1,540,860)</u>	<u>\$ (369,814)</u>

**Part VI. SOMATIC SYSTEMS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

***Basic of Presentation***

The accompanying unaudited interim financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America for financial information. Accordingly, they do not include information and footnotes required by generally accepted accounting principles in the United States of America for complete financial statements.

The accompanying financial information is unaudited; however, in the opinion of the Company's management, all adjustments (consisting of normal recurring adjustments and accruals) necessary for a fair statement of the financial position, results of operations, cash flows and changes in stockholders' equity (deficiency) for the quarter reported have been included. The results of operations for the quarter reported is not necessarily indicative of those that may be expected for a full year.

These accompanying unaudited interim financial statements and notes present fairly, in all material respects, the financial position of the Company and the results of its operations, cash flows and changes in stockholders' equity (deficiency) for the quarter presented, in accordance with generally accepted accounting principles in the United States of America consistently applied and hereby certified by Steven Aronstein, Chief Executive Officer of Somatic Systems, Inc..

The accompanying notes are an integral part of these unaudited interim financial statements.

***Business Organization and Activity***

Somatic Systems, Inc. was incorporated in the State of Nevada on March 19, 1987. The Company, through its wholly owned subsidiary, Somatic Systems Institute, Inc., delivers an effective drug-free, non-surgical approach to pain relief. The Company's proprietary Clinical Somatics pain management method uses natural, non-invasive movement techniques – conducted through one-hour hands-on sessions, therapeutic exercise classes, and home exercises lasting as little as 5 minutes a day – to relieve pain and limitation resulting from accident, trauma and repetitive stress, including: back pain, knee pain, joint problems, carpal tunnel, TMJ, scoliosis, bursitis, sciatica, headaches, tendonitis and more. Clinical Somatics also provides performance gains and injury prevention for both recreational and professional athletes.

Somatic Systems is pursuing a 3-part growth strategy, consisting of a nationwide rollout of pain management Somatics Clinics; increased production and distribution of

therapeutic videos, books and other retail self-help Somatics Products; and expanded Somatics Training Programs to supply clinic practitioners and to serve medical and orthopedic professionals and institutions and corporate programs.

### ***Principles of Consolidation***

The accompanying consolidated interim financial statements include the accounts of the Company, and its wholly owned subsidiary, Somatic Systems Institute, Inc. All significant inter-company balances and transactions have been eliminated in consolidation.

### ***Use of Estimates***

The accompanying interim financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America. The preparation of interim financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenue and expenses during the reporting quarter. Actual results could differ from those estimates.

### ***Earnings per Share***

Earnings (loss) per share is computed using the weighted average of common shares outstanding as defined by Financial Accounting Standards No. 128, "Earnings Per Share". The assumed exercise of outstanding common share equivalents was not utilized since the effect was anti-dilutive.

## **2. Commitments and Contingencies**

The Company may be subject to certain legal proceedings, claims and litigation arising in the ordinary course of business. As of June 30, 2009, based on facts currently available, management believes no such matters of this nature exist.

## **3. Debenture Investors**

As of June 30, 2009 the Company has not entered into any debenture agreements with investors who have an interest in the Company.

## **4. Authorized Shares and Common Stock Issued**

During the three months ended June 30, 2009, the Company increased its authorized shares to 15 billion shares from 10 billion shares. In addition, the Company issued 5,550,000,000 shares of its common stock to consultants, having an aggregate fair market value of \$277,500, which is accounted for in professional fees.

**5. Commitments**

The Company leases office space at a monthly expense of approximately \$5,000. As of June 30, 2009 the Company does not have any operating lease agreements.

**6. Revenue and Cost Recognition**

The Company uses the accrual basis for accounting in accordance with generally accepted accounting principals for financial statement reporting.

**7. Accounts Receivable and Customer Deposits**

The Company does not carry an allowance for accounts receivable as all balances for customers are under sixty days old and the Company feels that current balances are all collectable.

**8. Disclosure for Taxes Paid**

As of June 30, 2009 the Company has paid no amounts for federal income taxes.

**9. Going Concern**

The Company's interim financial statements for the quarter ended June 30, 2009 have been prepared on a going concern basis that contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business.