

SOMATIC SYSTEMS, INC.

FINANCIAL STATEMENTS

2007 Fiscal Year, 2nd Quarter
April 1, 2007 – June 30, 2007

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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 and cash flows as of and for the period ending June 30, 2007, in conformity with generally accepted accounting principles in the United States of America for financial statements, consistently applied.

Dated this 28th day of August, 2007



Steven Aronstein,
Chief Executive Officer

Part II. SOMATIC SYSTEMS, INC.
CONSOLIDATED STATEMENT OF INCOME
FOR QUARTER ENDING 6/30/2007

	6/30/07	6/30/06
Sales Revenue	\$ 13,242.68	\$ 48,641.15
Other Revenue	\$ -	\$ -
Total Revenue	<u>\$ 13,242.68</u>	<u>\$ 48,641.15</u>
Direct Costs	\$ 2,893.15	\$ 1,927.10
Raw Materials	\$ -	\$ -
Labor	\$ -	\$ -
Total Direct Costs	<u>\$ 2,893.15</u>	<u>\$ 1,927.10</u>
Gross Profit	\$ 10,349.53	\$ 46,714.05
G & A Expenses		
Salaries & Wages	\$ 25,734.85	\$ 1,262.48
Payroll Taxes	\$ 10,386.70	\$ 206.54
Sales Expenses	\$ 1,910.00	\$ -
Office Expenses	\$ 185,807.83	\$ 83,277.09
Depreciation	\$ 7,891.82	\$ -
Interest Expense	\$ 921.37	\$ -
Other G & A Expenses	\$ -	\$ -
Total G & A Expenses	<u>\$ 232,652.57</u>	<u>\$ 84,746.11</u>
Profit (Loss) before Other Income	\$ (222,303.04)	\$ (38,032.06)
Other Income	\$ 3,950.94	\$ -
Income Before FIT	\$ (218,352.10)	\$ (38,032.06)
Income Tax	<u>\$ -</u>	<u>\$ -</u>
Net Income	<u>\$ (218,352.10)</u>	<u>\$ (38,032.06)</u>

Part III. SOMATIC SYSTEMS, INC.
CONSOLIDATED BALANCE SHEET STATEMENT
AS OF 6/30/2007

	6/30/07	6/30/06
ASSETS		
<u>Current Assets</u>		
Cash & Cash Equivalents	\$ 2,816.20	\$ 8,774.65
Accounts Receivable	\$ 6,273.00	\$ 2,058.00
Notes/Interest Receivable	\$ -	\$ -
Other Assets/Database	\$ 30,336.41	\$ -
Total Current Assets	<u>\$ 39,425.61</u>	<u>\$ 10,832.65</u>
Property, Plant & Equipment	\$ 162,674.27	\$ 126,496.72
Less: Accumulated Depreciation	\$ (41,862.11)	\$ -
Net Fixed Assets	<u>\$ 120,812.16</u>	<u>\$ 126,496.72</u>
TOTAL ASSETS	<u><u>\$ 160,237.77</u></u>	<u><u>\$ 137,329.37</u></u>
 LIABILITIES & EQUITY		
<u>Current Liabilities</u>		
Accounts Payable	\$ 106,604.78	\$ 137,043.84
Accrued Liabilities	\$ 2,060.72	\$ -
FIT Payable	\$ -	\$ -
Notes Payable	\$ 345,002.51	\$ 296,809.91
Total Current Liabilities	<u>\$ 453,668.01</u>	<u>\$ 433,853.75</u>
Long Term Debt	\$ -	\$ -
Notes Payable - Long Term	<u>\$ -</u>	<u>\$ -</u>
Total Long Term Debt	\$ -	\$ -
TOTAL LIABILITIES	\$ 453,668.01	\$ 433,853.75
STOCKHOLDER'S EQUITY		
Common Stock \$0.0001 Par Value	\$ 530,990.00	\$ -
Additional Paid In Capital	\$ -	\$ -
Retained Earnings - Prior	\$ (378,062.76)	\$ (250,543.87)
Net Income (Loss)	\$ (446,357.48)	\$ (45,980.51)
Retained Earnings - Total	<u>\$ (824,420.24)</u>	<u>\$ (296,524.38)</u>
TOTAL STOCKHOLDER'S EQUITY	\$ (293,430.24)	\$ (296,524.38)
TOTAL LIABILITIES & EQUITY	<u><u>\$ 160,237.77</u></u>	<u><u>\$ 137,329.37</u></u>

Part IV. SOMATIC SYSTEMS, INC.
STATEMENT OF CASH FLOWS
FOR QUARTER ENDING 6/30/2007

CASH FLOWS FROM OPERATIONS	6/30/07
Net Earnings	\$ (218,352.10)
Adjustments to earnings not requiring cash	
Depreciation	\$ 7,891.82
Provision of loss on receivables	\$ -
Deferred Income Taxes	\$ -
Cash Flows from Operations Before Changes in Current Assets & Liabilities	\$ (210,460.28)
Changes in Current Assets & Liabilities	
Decrease (Increase) in Receivables	\$ 16,500.00
Decrease (Increase) in Notes Receivable	\$ -
Decrease (Increase) in Other Assets	\$ 288.59
(Decrease) Increase in Payables	\$ (35,673.58)
(Decrease) Increase in Accrued Expenses	\$ (11.39)
Net Cash Flows from Operating Activities	\$ (229,356.66)
CASH FLOWS FROM INVESTING ACTIVITIES	
Principle Payments on Notes	\$ -
Purchase of Property, Plant & Equipment	\$ (1,840.74)
Sales or Retirement of Property, Plant & Equipment	\$ -
Net Cash Used by Investing Activities	\$ (1,840.74)
Cash Flows from Financing Activities	
Proceeds from Equity Financing & Notes	\$ 232,305.97
Net Cash (Used) Provided by Financing Activities	\$ 230,465.23
NET CHANGE IN CASH & CASH EQUIVALENTS BETWEEN QUARTERS ENDING 3/31/07 & 6/30/07	<u>\$ 1,108.57</u>

Part V. SOMATIC SYSTEMS INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)
FOR SIX MONTHS ENDING 6/30/2007

	Preferred Stock		Common Stock		APIC	Accumulated	Total
	Shares	Amount	Shares	Amount		Deficit	
Balances							
December 31, 2006	-	-	428,010,000	\$ 140,000	-	(378,063)	(238,063)
Cash	-	-	730,000,000	\$ 187,000	-	-	187,000
Stock issued for:							
Compensation	-	-	2,850,000,000	\$ 142,500	-	-	142,500
Consulting services	-	-	303,500,000	\$ 61,490	-	-	61,490
Converted Debentures	-	-	-	-	-	-	-
Convertible debt financing costs	-	-	-	-	-	-	-
Conversion of debt	-	-	-	-	-	-	-
Net Income (Loss)	-	-	-	-	-	(446,357)	(446,357)
Balances							
June 30, 2007	-	-	4,311,510,000	\$ 530,990	-	(824,420)	(293,430)

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

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America for interim 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 and cash flows for the periods reported have been included. The results of operations for the periods reported are not necessarily indicative of those that may be expected for a full year.

These accompanying unaudited financial statements and notes present fairly, in all material respects, the financial position of the Company and the results of its operations and cash flows for the periods 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 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 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 financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America. The preparation of 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 financial statements and the reported amounts of revenue and expenses during the reporting period. 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, 2007, based on facts currently available, management believes no such matters of this nature exist.

3. Debenture Investors

As of June 30, 2007 the Company has not entered into any debenture agreements with investors who have interest in the Company.

4. Related Party Transactions

During the six months ended June 30, 2007, the Company issued 3,153,500,000 shares of its common stock to officers, directors and related party consultants, having an aggregate fair market value of \$203,990.

5. Commitments

The Company leases office space at a monthly expense of approximately \$10,000. As of June 30, 2007 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 the current balances are all collectable.

8. Disclosure for Interest and Taxes Paid

As of June 30, 2007 the Company has paid no amounts for federal income taxes and interest.

9. Going Concern

The Company's financial statements for the six months ended June 30, 2007 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.