

SOMATIC SYSTEMS, INC.

ANNUAL FINANCIAL STATEMENTS

2008 Fiscal Year
January 1, 2008 – December 31, 2008

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CERTIFICATION

I, Steven Aronstein, Chief Executive Officer of Somatic Systems, Inc., hereby certify that the consolidated 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 December 31, 2008, in conformity with generally accepted accounting principles in the United States of America for financial statements, consistently applied.

Dated this 1st day of September, 2009



Steven Aronstein,
Chief Executive Officer

Part II. SOMATIC SYSTEMS, INC.
CONSOLIDATED STATEMENT OF INCOME
FOR YEAR ENDING 12/31/2008

	12/31/08
Sales Revenue	\$ 107,423.31
Other Revenue	\$ -
Total Revenue	<u>\$ 107,423.31</u>
Direct Costs	\$ 9,762.16
Raw Materials	\$ -
Labor	\$ -
Total Direct Costs	<u>\$ 9,762.16</u>
Gross Profit	\$ 97,661.15
G & A Expenses	
Salaries & Wages	\$ 1,501.41
Payroll Taxes	\$ 116.94
Contracted Labor	\$ 15,614.62
Sales Expenses/Advertising	\$ 59,296.17
Office Expenses	\$ 216,697.01
Depreciation	\$ 19,783.64
Interest Expense	\$ 3,965.83
Other G & A Expenses	\$ 19,784.70
Total G & A Expenses	<u>\$ 336,760.32</u>
Profit (Loss) before Other Income	\$ (239,099.17)
Other Income	\$ 14.93
Income (Loss) Before FIT	\$ (239,084.24)
Income Tax	<u>\$ -</u>
Net Income (Loss)	<u><u>\$ (239,084.24)</u></u>

Part III. SOMATIC SYSTEMS, INC.
CONSOLIDATED BALANCE SHEET STATEMENT
AS OF 12/31/2008

12/31/08

ASSETS

Current Assets

Cash	\$	17,009.03
Account Receivable	\$	12,387.50
Notes/Interest Receivable	\$	-
Other Assets/Database	\$	34,279.20
Total Current Assets	\$	<u>63,675.73</u>

Property, Plant & Equipment	\$	187,316.42
Less : Accumulated Depreciation	\$	<u>(61,713.11)</u>
Net Fixed Assets	\$	125,603.31

TOTAL ASSETS	\$	<u><u>189,279.04</u></u>
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LIABILITIES & EQUITY

Current Liabilities

Accounts Payable	\$	158,377.48
Accrued and Other Liabilities	\$	4,480.59
FIT Payable	\$	-
Total Current Liabilities	\$	<u>162,858.07</u>

Long Term Debt

Notes Payable - Long Term		353,607.87
Total Long Term Debt	\$	<u>353,607.87</u>

TOTAL LIABILITIES	\$	516,465.94
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STOCKHOLDERS' EQUITY/(DEFICIENCY)

Common Stock \$0.0001 Par Value (Authorized 10 billion shares; issued and outstanding 8,381,152,802 shares)	\$	588,420.00
Additional Paid in Capital	\$	241,405.00
Retained Earnings - Prior	\$	(917,927.66)
Net Income (Loss)	\$	<u>(239,084.24)</u>
Retained Earnings - Total Deficit	\$	<u>(1,157,011.90)</u>

TOTAL STOCKHOLDERS' EQUITY/(DEFICIENCY)	\$	(327,186.90)
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TOTAL LIABILITIES & EQUITY DEFICIENCY	\$	<u><u>189,279.04</u></u>
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Part IV. SOMATIC SYSTEMS, INC.
STATEMENT OF CASH FLOWS
FOR YEAR ENDING 12/31/2008

CASH FLOWS FROM OPERATIONS	12/31/08
Net Earnings (Loss)	\$ (239,084.24)
Adjustments to earnings not requiring cash	\$ -
Depreciation	\$ 19,783.64
Provision of loss on receivables	\$ -
Deferred Income Taxes	\$ -
	<hr/>
Cash Flows from Operations Before Changes in Current Assets & Liabilities	\$ (219,300.60)
Changes in Current Assets & Liabilities	
Decrease (Increase) in Receivables	\$ 9,625.00
Decrease (Increase) in Notes Receivables	\$ -
Decrease (Increase) in Other Assets	\$ (2,878.94)
(Decrease) Increase in Payables	\$ 56,105.35
(Decrease) Increase in Accrued Expenses	\$ (43,449.74)
	<hr/>
Net Cash Used in Operating Activities	\$ (199,898.93)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Principle Payments on Notes	\$ -
Purchase of Property, Plant & Equipment	\$ (19,972.39)
Sales or Retirement of Property, Plant & Equipment	\$ -
	<hr/>
Net Cash Used by Investing Activities	\$ (19,972.39)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Notes	\$ 32,014.78
Proceeds from Equity Financing & Notes	<u>140,000.00</u>
Net Cash Provided by Financing Activities	\$ 172,014.78
 NET CHANGE IN CASH & CASH EQUIVALENTS BETWEEN YEARS ENDING 12/31/07 & 12/31/08	<u>\$ (47,856.54)</u>
 Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest	<u>\$ 3,965.83</u>

Part V. SOMATIC SYSTEMS, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)
FOR YEAR ENDING 12/31/2008

	<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							
December 31, 2007	-	-	7,156,087,596	\$ 465,913	223,912	(917,928)	(228,102)
Cash			1,225,065,206	\$ 122,507	17,493	0	140,000
Net Income (Loss)	-	-	-	-	-	(239,084)	(239,084)
Balances							
December 31, 2008	-	-	8,381,152,802	\$ 588,420	241,405	(1,157,012)	(327,187)

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

1. Summary of Significant Accounting Policies

Basic 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 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 year reported have been included.

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 year 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 year. 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 December 31, 2008, based on facts currently available, management believes no such matters of this nature exist.

3. Debenture Investors

As of December 31, 2008 the Company has not entered into any debenture agreements with investors who have an interest in the Company.

4. Commitments

The Company leases office space at a monthly expense of approximately \$5,000. As of December 31, 2008 the Company does not have any operating lease agreements.

5. Revenue and Cost Recognition

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

6. 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.

7. Disclosure for Taxes Paid

As of December 31, 2008 the Company has paid no amounts for federal income taxes.

8. Going Concern

The Company's financial statements for the year ended December 31, 2008 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.