Otis Capital Corp.

Interim Financial Statements

December 31, 2007 and June 30, 2007

(Unaudited - Prepared by Management)

Notice: These interim financial statements have been prepared by management and they have not been reviewed by the Company's external auditors

Otis Capital Corp.
Balance Sheet
As at December 31, 2007 and June 30, 2007
(Unaudited - Prepared by Management)

		December 31, 2007		June 30, 2007
ASSETS				
CURRENT ASSETS				
Cash	$	316,606	$	179,859
Accounts Receivable		3,641		20,600
		320,247		200,459
DEFERRED FINANCING COSTS		-		10,000
TOTAL ASSETS	$	320,247	$	210,459
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable and accrued liabilities	$	7,241	$	6,100
SHAREHOLDERS EQUITY:				
SHARE CAPITAL		335,121		210,000
CONTRIBUTED SURPLUS		29,153		-
RETAINED EARNINGS (DEFICIT)		(51,268)		(5,641)
NET EQUITY (DEFICIENCY)		313,006		204,359
TOTAL LIABILITIES & EQUITY	$	320,247	$	210,459

APPROVED BY THE BOARD

"Craig Lindsay"
Director

"Norm Eyolfson"
Director

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

Otis Capital Corp.

Statement Loss and Deficit

For the six months ending December 31, 2007

(Unaudited - Prepared by Management)

	6 Months Fiscal 2008	3 Months Fiscal 2008
EXPENSES:		
Stock based compensation	$ 22,723	$ 22,723
Regulatory and filings	19,159	4,416
Property investigations	5,447	5,448
Office	1,176	300
Bank charges	252	184
	48,757	33,071
Loss before other item	(48,757)	(33,071)
OTHER ITEM		
Interest income	3,130	1,623
NET LOSS	$ (45,627)	$ (31,448)
DEFICIT, BEGINNING OF PERIOD	(5,641)	(19,820)
DEFICIT, END OF PERIOD	$ (51,268)	$ (51,268)
Loss per share	$(0.02)	$(0.01)
Average number of shares outstanding	2,317,391	2,534,783

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

Otis Capital Corp.

Statement of Cash Flow

For the six months ending December 31

(Unaudited - Prepared by Management)

		6 Months Fiscal 2008		3 Months Fiscal 2008
Cash flows from operating activities				
Net Loss	$	(45,627)	$	(31,448)
Adjustments to reconcile net cash provided by operating activities:				
Stock based compensation		22,723		22,723
Decrease in Accounts Receivable		16,959		(2,498)
Decrease in deferred financing costs		10,000		10,000
Increase in Accounts Payable and accrued liabilities		1,141		319
		5,196		(904)
Cash flows from financing activities				
Common shares issued for cash		200,000		200,000
Share issue costs		(68,449)		(68,449)
		131,551		131,551
Increase in cash		136,747		130,647
Cash, beginning of period		179,859		185,959
Cash, end of period	$	316,606	$	316,606

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

1. OPERATIONS

Otis Capital Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 24, 2007. The Company listed its common shares, as a capital pool company ("CPC") on the TSX Venture Exchange (the "Exchange") on November 28, 2007.

As at December 31, 2007, the Company had no business operations. As a CPC, the Company's business objective is to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction (as defined in Exchange Policy 2.4) subject, in certain cases, to shareholder approval and acceptance by the Exchange. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to pay dividends or enjoy earnings in the immediate or foreseeable future. There is no assurance that the Company will identify and successfully acquire businesses or assets that will produce a profit. Moreover, if a potential business or asset is identified which warrants acquisition or participation, additional funds may be required to complete the acquisition or participation and the Company may not be able to obtain such financing on terms which are satisfactory to the Company.

Under the policies of the Exchange, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company's shares are listed for trading on the Exchange. There is no assurance that the Company will be able to complete a Qualifying Transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or de-list the Company's shares from trading should it not meet these requirements.

2. ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which necessarily involves the use of estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below. These interim financial statements should be read in conjunction with the audited financial statements for the period from incorporation on April 24, 2007 to June 30, 2007.

Deferred financing costs

Costs relating to the Company's initial public offering have been recorded as deferred financing costs. These costs were offset against share capital upon completion of the initial public offering.

Earnings (loss) per share

Earnings (loss) per share is calculated using the weighted average number of common shares issued and outstanding during the period.

2. ACCOUNTING POLICIES - continued

Income taxes

Income taxes are recorded using the asset and liability method under which future income tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using the substantively enacted income tax rates expected to apply when the asset is realized or the liability settled. To the extent that the Company does not consider it more likely than not that a future income tax asset will be recovered, it provides a valuation allowance against the excess.

3. SHARE CAPITAL

	Six months to December 31, 2007		From incorporation to June 30, 2007	
	Shares	Amount	Shares	Amount
Issued				
Balance, beginning of period	2,100,000	$ 210,000	-	$ -
Common shares issued for:				
Incorporation	-	-	1	1
Share cancelled	-	-	(1)	(1)
Shares issued for cash	1,000,000	200,000	2,100,000	210,000
	3,100,000	410,000	2,100,000	210,000
Share issue costs	-	(74,879)	-	-
Balance, end of period	3,100,000	$ 335,121	2,100,000	$ 210,000

The Company completed a private placement financing of 2,100,000 common shares on June 30, 2007 which are held in an Escrow Agreement (the "Escrow Shares"); an initial 10% of the Escrow Shares will be released on final TSXV approval of a Qualifying Transaction and an additional 15% will be released every six months thereafter. If the Company is able to meet the Exchange's Tier 1 minimum listing requirements at any time, the release will be accelerated.

On November 22, 2007, the Company completed an initial public offering of 1,000,000 common shares at $0.20 for gross cash proceeds of $200,000. The Company paid the agent a commission of $20,000, a corporate finance fee of $10,000, costs of $10,500, and granted an option to acquire 100,000 common shares, exercisable at $0.20 per share for 2 years (valued at their fair value of $6,430).

4. STOCK-BASED COMPENSATION

The Company established a stock option plan (the "Plan") under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the Plan, the exercise period of the options may not exceed five years from the date of grant.

During the period ended December 31, 2007, the Company granted 310,000 stock options at an exercise price of $0.20 per share for a term of five years. These options have a fair value of $22,723 which has been expensed in the current period.

During the period ended December 31, 2007, the Company also granted 100,000 agent options exercisable at $0.20 per share for a term of two years. The fair value of these options is $6,430 which has been recorded as share issue costs.

The following assumptions were used for the Black-Scholes option pricing model valuation of stock options granted during the period ended December 31, 2007:

	Plan Options	Agent's Options
Number of options	310,000	100,000
Risk free interest rate	4.1%	4.1%
Expected life	5 years	2 years
Volatility	75.0%	75.0%
Fair value per share	$0.0733	$0.0643
Compensation cost	$22,723	$6,430

5. SUBSEQUENT EVENT

On January 25, 2008, the Company announced a private placement of 2,000,000 common shares at $0.25 per share for gross cash proceeds of $500,000. On February 12, 2008, the Company increased the proposed private placement to 2,200,000 common shares at $0.25 per share for gross cash proceeds of $550,000.