

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

S QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 31, 2007

£ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-50612

INNOCAP, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction
of incorporation or organization)

01-0721929

(IRS Employer
Identification Number)

3113 Madison Drive

Atlanta, GA 30346

(Address of principal executive offices)

770-378-4180

(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act) Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At November 27, 2007 the number of shares of the Registrant's common stock outstanding was 68,000,000.

INNOCAP, INC.

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PART I

This Quarterly Report includes forward-looking statements within the meaning of the Securities Exchange Act of 1934 (the “Exchange Act”). These statements are based on management's beliefs and assumptions, and on information currently available to management. Forward-looking statements include the information concerning possible or assumed future results of operations of the Company set forth under the heading “Management's Discussion and Analysis of Financial Condition or Plan of Operation.” Forward-looking statements also include statements in which words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “estimate,” “consider” or similar expressions are used.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. The Company's future results and shareholder values may differ materially from those expressed in these forward-looking statements. Readers are cautioned not to put undue reliance on any forward-looking statements.

ITEM 1
FINANCIAL STATEMENTS

INNOCAP, INC
(a development stage company)
Balance Sheets
(Unaudited)

	October 31, 2007	January 31, 2007
	<u>(unaudited)</u>	
ASSETS		
CURRENT ASSETS:		
Cash	\$ _____ -	\$ _____ -
TOTAL ASSETS	\$ _____ -	\$ _____ -
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accrued liabilities	\$ <u>81,500</u>	\$ <u>73,500</u>
STOCKHOLDERS' DEFICIT:		
Preferred stock at \$0.001 par value; 1,000,000 shares authorized, none issued and outstanding at either date	-	-
Common stock at \$0.001 par value; 190,000,000 shares authorized; 68,000,000 shares issued and outstanding	68,000	68,000
Additional paid-in capital	1,600	1,600
Deficit accumulated during the development stage	<u>(151,100)</u>	<u>(143,100)</u>
Stockholders' deficit	<u>(81,500)</u>	<u>(73,500)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ _____ -	\$ _____ -

See accompanying notes to the financial statements.

INNOCAP, INC.
(a development stage company)
Statements of Operations
(Unaudited)

	Three Months Ended October 31, 2007	Three Months Ended October 31, 2006
General and administrative	\$ <u>5,000</u>	\$ <u>3,000</u>
Net loss	\$ <u>(5,000)</u>	\$ <u>(3,000)</u>
Net loss per common share -basic and diluted	\$ <u>(0.00)</u>	\$ <u>(0.00)</u>
Weighted average number of common shares outstanding – basic and diluted	<u>68,000,000</u>	<u>68,000,000</u>

See accompanying notes to the financial statements.

INNOCAP, INC.
(a development stage company)
Statements of Operations
(Unaudited)

	Nine Months Ended October 31, 2007	Nine Months Ended October 31, 2006	Period from January 23, 2004 (inception) through October 31, 2007
General and administrative	\$ <u>8,000</u>	\$ <u>12,000</u>	\$ <u>151,100</u>
Net loss	\$ <u>(8,000)</u>	\$ <u>(12,000)</u>	\$ <u>(151,100)</u>
Net loss per common share -basic and diluted	\$ <u>(0.00)</u>	\$ <u>(0.00)</u>	\$ <u>(0.00)</u>
Weighted average number of common shares outstanding – basic and diluted	<u>68,000,000</u>	<u>68,000,000</u>	<u>68,000,000</u>

See accompanying notes to the financial statements.

INNOCAP, INC.
(a development stage company)
Statements of Cash Flows
(Unaudited)

	Nine Months Ended October 31, 2007	Nine Months Ended October 31, 2006	Period from January 23, 2004 (inception) through October 31, 2007
OPERATING ACTIVITIES:			
Net Loss	\$ (8,000)	\$ (12,000)	\$ (151,100)
Adjustment to reconcile net loss to net cash used in operating activities:			
Stock-based compensation	-	-	1,600
Net change in accrued liabilities	8,000	12,000	81,500
Net Cash Used by Operating Activities	<u>-</u>	<u>-</u>	<u>(68,000)</u>
FINANCING ACTIVITIES:			
Sale of common stock	<u>-</u>	<u>-</u>	<u>68,000</u>
INCREASE IN CASH	<u>-</u>	<u>-</u>	<u>-</u>
CASH AT BEGINNING OF PERIOD	<u>-</u>	<u>-</u>	<u>-</u>
CASH AT END OF PERIOD	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SUPPLEMENTAL SCHEDULE OF CASH FLOW ACTIVITIES:			
Cash Paid For:			
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

INNOCAP, INC.
(A DEVELOPMENT STATE COMPANY)
NOTES TO THE FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 – ORGANIZATION

Innocap, Inc. (the “Company”) was incorporated under the laws of the State of Nevada on January 23, 2004. In June 2004, it filed a notice with the Securities and Exchange Commission of its intent to elect in good faith, within 90 days from the date of such filing, to be regulated as a Business Development Company under the Investment Company Act of 1940 and be subject to Sections 54 through 65 of said Act. The Company has not generated significant revenues from its planned principal operations and is considered a development stage company as defined in Statement of Financial Accounting Standards No. 7.

The Company will likely elect to cease being a Business Development Company sometime in 2007, at which time it will become a consulting firm.

NOTE 2 – BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and nine month periods ended October 31, 2007 are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2008. For further information, refer to the financial statements and footnotes thereto included in the Company's Form 10-K for the fiscal year ended January 31, 2007.

NOTE 3 – GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At October 31, 2007 the Company had negative working capital of \$81,500, accumulated deficit of \$151,100, and no revenues. These factors, among others, indicate that the Company's continuation as a going concern is dependent upon its ability to achieve profitable operations or obtain adequate financing. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

The Company intends to cease its efforts to become a Business Development Company and will become a consulting firm sometime in 2007, at which time it will aggressively seek consulting engagements. It will use outside consultants to assist it to perform and complete any engagements obtained. If the Company is unable to obtain consulting engagements or financing or if the revenue from the consulting engagements or financing it does obtain are insufficient to cover any operating losses it may incur, it may substantially curtail or terminate its operations or seek other business opportunities through strategic alliances, acquisitions or other arrangements that may dilute the interests of existing stockholders.

NOTE 4. – SUBSEQUENT EVENT

On September 4, 2007 the Issuer entered into a non-binding “Summary of Exchange Agreement Terms” (the “Term Sheet”) regarding a certain Buyer’s expressed intent to enter into a form of business combination with the Issuer. While the Term Sheet is non-binding, the closing of such transaction (which is subject to, among other things, entry into a definitive Agreement and Plan of Reorganization (“Agreement”) and compliance with each of the warranties and representations, as shall be contained therein) would result in a change of (i) control of the Issuer; (ii) change of management; and (iii) entry into an unrelated business . Other proposed terms include: (a) approval of a one for thirteen point six (1:13.6) reverse stock split reducing current outstanding shares from 68,000,000 to 5,000,000; (b) authorization of issuance of 29,000,000 post reverse split shares to Buyer’s stockholders or assigns; and (c) receipt by Issuer of all Buyer outstanding shares.

If and when this occurs and the definitive Agreement is executed the Issuer intends to timely file the necessary Form 8-K detailing the transaction

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

Certain matters discussed in this interim report on Form 10-Q are forward-looking statements. Such forward-looking statements contained in this annual report involve risks and uncertainties, including statements as to:

- our future operating results,
- our business prospects,
- our contractual arrangements and relationships with third parties,
- the dependence of our future success on the general economy and its impact on the industries in which we may be involved,
- the adequacy of our cash resources and working capital, and
- other factors identified in our filings with the SEC, press releases and other public communications.

These forward-looking statements can generally be identified as such because the context of the statement will include words such as we "believe," "anticipate," "expect," "estimate" or words of similar meaning. Similarly, statements that describe our future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which are described in close proximity to such statements and which could cause actual results to differ materially from those anticipated as of the date of this Form 10-Q. Shareholders, potential investors and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included herein are only made as of the date of this report and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

Operations

We are currently a development stage company. To date, our efforts have been limited primarily to organizational activities, planning to be a Business Development Company and preparation of documents to be filed with the Securities and Exchange Commission. We have no resources and have realized no revenues to date. We now believe that we will be unable to raise capital through the sales of shares pursuant to Regulation E of the 1933 Act. We will, therefore, cease our efforts to become a Business Development Company and become a business consulting firm sometime in 2007, at which time we will aggressively seek consulting engagements. We will use outside consultants to assist us to perform and complete any engagements obtained. If we are unable to obtain consulting engagements or financing or if the revenue from the consulting engagements or financing that we do obtain are insufficient to cover any operating losses we may incur, we may substantially curtail or terminate our operations or seek other business opportunities through strategic alliances, acquisitions or other arrangements that may dilute the interests of existing stockholders.

We cannot offer any assurances that we will be successful in our efforts to become a consulting firm.

Liquidity

As a corporate policy, we will not incur any cash obligations that we cannot satisfy with known resources, of which there are currently none except to meet regulatory requirements. We believe that the perception that many people have of a public company may make it likely that they will accept restricted securities from a public company as consideration for indebtedness to them than they would from a private company. We have not performed any studies of this matter. Our conclusion is based on our own observations. However, there can be no assurances that we will be successful in being able to satisfy obligations through the issuance of restricted shares of our common stock. Additionally, issuance of restricted shares would necessarily dilute the percentage of ownership interest of our stockholders.

We have not obtained any source of funding. Private capital, if sought, will be sought from former business associates of our founder or private investors referred to us by those business associates. To date, we have not sought any funding source and have not authorized any person or entity to seek out funding on our behalf.

Recent Accounting Pronouncements

In June 2003, the Securities and Exchange Commission (the "SEC") adopted final rules under Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"). Commencing with our annual report for the year ended January 31, 2008, we will be required to include a report of management on our internal control over financial reporting. The internal control report must include a statement.

- of management's responsibility for establishing and maintaining adequate internal control over our financial reporting;
- of management's assessment of the effectiveness of our internal control over financial reporting as of year end;
- of the framework used by management to evaluate the effectiveness of our internal control over financial reporting; and
- that our independent accounting firm has issued an attestation report on management's assessment of our internal control over financial reporting, which report is also required to be filed.

In July 2006, the Financial Accounting Standards Board (the "FASB") issued FASB Interpretation No. 48 ("FIN No. 48"), *Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109*. This interpretation provides guidance for recognizing and measuring uncertain tax positions, as defined in SFAS No. 109, *Accounting for Income Taxes*. FIN No. 48 prescribes a threshold condition that a tax position must meet for any of the benefit of an uncertain tax position to be recognized in the financial statements. Guidance is also provided regarding de-recognition, classification, and disclosure of uncertain tax positions. FIN No. 48 is effective for fiscal years beginning after December 15, 2006. Innocap does not expect that this interpretation will have a material impact on our financial position, results of operations, or cash flows.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("FAS 157"). This Statement defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure related to the use of fair value measures in financial statements. The Statement is to be effective for Innocap's financial statements issued in 2008; however, earlier application is encouraged. Innocap is currently evaluating the timing of adoption and the impact that adoption might have on its financial position or results of operations.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No 87, 88, 106 and 132(R)* ("SFAS No. 158"). SFAS No. 158 requires the recognition of the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in the statement of financial position and the recognition of changes in that funded status in the year in which the changes occur through comprehensive income. SFAS No. 158 also requires the measurement of the funded status of a plan as of the date of the year-end statement of financial position. We do not anticipate that the adoption of this statement will have a material effect on our financial condition and results of operations.

On February 15, 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities: Including an amendment of FASB Statement No. 115* ("SFAS No. 159"). SFAS No. 159 permits all entities to elect to measure many financial instruments and certain other items at fair value with changes in fair value reported in earnings. SFAS No. 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007, with earlier adoption permitted. We do not anticipate that the adoption of this statement will have a material effect on our financial condition and results of operations.

The FASB, the Emerging Issues Task Force and the SEC have issued certain other accounting pronouncements and regulations as of October 31, 2007 that will become effective in subsequent periods; however, management of Innocap does not believe that any of those pronouncements would have significantly affected Innocap's financial accounting measurements or disclosures had they been in effect during 2007, and it does not believe that any of those pronouncements will have a significant impact on Innocap's financial statements at the time they become effective.

Critical Accounting Policies

The preparation of financial statements and related notes requires us to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities.

An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the financial statements.

Financial Reporting Release No. 60 requires all companies to include a discussion of critical accounting policies or methods used in the preparation of financial statements. There are no critical policies or decisions that rely on judgments that are based on assumptions about matters that are highly uncertain at the time the estimate is made.

Seasonality

We do not yet have a basis to determine whether our business will be seasonal.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements, as defined in Regulation S-B Section 303.

SUBSEQUENT EVENT

On September 4, 2007 the Issuer entered into a non-binding “Summary of Exchange Agreement Terms” (the “Term Sheet”) regarding a certain Buyer’s expressed intent to enter into a form of business combination with the Issuer. While the Term Sheet is non-binding, the closing of such transaction (which is subject to, among other things, entry into a definitive Agreement and Plan of Reorganization (“Agreement”) and compliance with each of the warranties and representations, as shall be contained therein) would result in a change of (i) control of the Issuer; (ii) change of management; and (iii) entry into an unrelated business . Other proposed terms include: (a) approval of a one for thirteen point six (1:13.6) reverse stock split reducing current outstanding shares from 68,000,000 to 5,000,000; (b) authorization of issuance of 29,000,000 post reverse split shares to Buyer’s stockholders or assigns; and (c) receipt by Issuer of all Buyer outstanding shares.

If and when this occurs and the definitive Agreement is executed the Issuer intends to timely file the necessary Form 8-K detailing the transaction

ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Since we have no assets and do not have any investments, there is no quantitative information or market risk that has any impact on our present business.

ITEM 4

CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) that are designed to assure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer (one person, our President), as appropriate, to allow timely decisions regarding required disclosures.

As required by Exchange Act Rule 13a-15(b), as of the end of the period covered by this report, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of that date.

There was no change in our internal control over financial reporting during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

- Item 1 Legal Proceedings
None
- Item 2 Unregistered Sales of Equity Securities and Use of Proceeds
- There have been no events that are required to be reported under this Item.
- Item 3 Defaults upon Senior Securities
None
- Item 4 Submission of Matters to a Vote of Securityholders
None
- Item 5 Other Information
None
- Item 6 Exhibits
None

<u>Exhibit Numbers</u>	<u>Description</u>
31.1	Section 302 Certification of Chief Executive Officer and Chief Financial Officer
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Innocap, Inc.
(Registrant)

By: /s/ B. Alva Schoomer
B. Alva Schoomer
President

November 27, 2007

Exhibit 31.1

Section 302 Certification of Chief Executive Officer and Chief Financial Officer

I, B. Alva Schoomer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Innocap, Inc.

2. Based on my knowledge, this quarterly report 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 were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

- a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this quarterly report is being prepared;
- b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 27, 2007

/s/ B. Alva Schoomer

B. Alva Schoomer
Chief Executive Officer and Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Inncap, Inc. (the "Company") on Form 10-Q for the period ended October 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, B. Alva Schoomer, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ B. Alva Schoomer

B. Alva Schoomer
Chief Executive Officer and Chief Financial Officer
November 27, 2007