

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

FORM 10-QSB

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the Quarterly period ended August 31, 2004

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 000-25335

ELGRANDE.COM, INC.
(Exact name of registrant as specified in its charter)

Nevada 88-0409024
(State or other jurisdiction of (IRS Employer Identification No.)
incorporation or organization)

1450 Kootenay Street, Vancouver, B.C.
V5K 4R1 Canada
(Address of principal executive offices)

(604) 689-0808
(Issuer's telephone number)

The number of shares outstanding of each of the issuer's classes of common
equity as of the latest practicable date:

Class	August 31, 2004
-----	-----
Common stock, \$ 0.001 par value	17,030,621

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ELGRANDE.COM, INC.
FORM 10-QSB
For the Quarterly period ended August 31, 2004

PART I. FINANCIAL INFORMATION

Item 1 - Financial Statements

**ELGRANDE.COM INC.
CONSOLIDATED BALANCE SHEETS**

	August 31, 2004 Unaudited)	May 31, 2004
ASSETS		
CURRENT ASSETS		
Cash	\$ 66,555	\$ 96,874
Accounts receivable	116,379	198,195
Prepaid inventory	11,264	7,845
Inventory	287,112	293,714
Employee expense advances	7,128	2,365
GST tax refundable	-	33,992
TOTAL CURRENT ASSETS	488,438	632,985
PROPERTY AND EQUIPMENT, NET	10,943	22,769
OTHER ASSETS		
Software, net	48,457	48,457
Prepaid expenses	5,419	-
Deposits	33,136	31,421
TOTAL OTHER ASSETS	87,012	79,878
TOTAL ASSETS	\$ 586,393	\$ 735,632
LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 376,696	\$ 222,010
Accrued liabilities	518,854	791,473
Accrued interest	-	37,277
Debentures	-	55,727
Loans payable	270,991	18,359
Debentures and loans payable, related parties	206,243	178,262
TOTAL CURRENT LIABILITIES	1,372,784	1,303,108
COMMITMENTS AND CONTINGENCIES	183,691	170,992
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, 200,000,000 shares authorized, \$.001 par value; 17,030,621 and 16,959,600 shares issued and outstanding, respectively	17,030	16,960
Stock options and warrants	172,705	172,705
Additional paid-in capital	8,660,863	8,658,510
Accumulated deficit	(9,811,185)	(9,577,395)
Accumulated other comprehensive income (loss)	(9,495)	(9,248)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(970,082)	(738,468)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 586,393	\$ 735,632

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

ELGRANDE.COM INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended August 31, 2004 (Unaudited)	Three months ended August 31, 2003 (Unaudited)
REVENUES	\$ 291,470	\$ 164,690
COST OF REVENUES	<u>135,509</u>	<u>111,386</u>
GROSS PROFIT	<u>155,961</u>	<u>53,304</u>
EXPENSES		
Consulting fees	16,555	53,899
Legal and professional fees	4,149	6,243
Salaries	140,419	77,860
Depreciation and amortization	9,386	36,893
Office and administration	88,127	87,549
Travel and entertainment	19,286	22,270
Advertising and marketing	97,085	36,602
Rent	16,966	6,970
Bad debts	<u>1,774</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>393,747</u>	<u>328,286</u>
LOSS FROM OPERATIONS	(237,786)	(274,982)
OTHER INCOME (EXPENSE)		
Non-operating income	9,251	-
Interest income	3	-
Interest expense	<u>(5,258)</u>	<u>(4,686)</u>
TOTAL OTHER INCOME (EXPENSE)	<u>3,996</u>	<u>(4,686)</u>
NET LOSS	(233,790)	(279,668)
OTHER COMPREHENSIVE LOSS		
Foreign currency translation gain (loss)	<u>(247)</u>	<u>11,437</u>
COMPREHENSIVE LOSS	\$ <u><u>(234,037)</u></u>	\$ <u><u>(268,231)</u></u>
 BASIC AND DILUTED NET LOSS PER COMMON SHARE	 \$ <u><u>(0.02)</u></u>	 \$ <u><u>(0.08)</u></u>
 WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING, BASIC AND DILUTED	 <u><u>16,959,600</u></u>	 <u><u>3,728,751</u></u>

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

ELGRANDE.COM INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock		Additional Paid-in Capital	Stock Options and Warrants	Accumulated Deficit	Other Comprehensive Income (Loss)	Stockholders' Equity (Deficit)
	Number of Shares	Amount					
Balance, May 31, 2002	2,958,026	\$ 2,958	5,644,442	\$ 708,244	(7,169,907)	\$ (2,720)	\$ (816,983)
Stock issued for consulting services							
at \$0.04 per share	225,316	225	113,488	-	-	-	113,713
Stock issued for services at \$0.03 per share	6,941	7	2,265	-	-	-	2,272
Stock issued for services at \$0.04 per share	350,000	350	139,650	-	-	-	140,000
Net loss for the year ended May 31, 2003	-	-	-	-	(1,175,711)	-	(1,175,711)
Foreign currency translation gain (loss)	-	-	-	-	-	(3,275)	(3,275)
Balance, May 31, 2003	3,540,283	3,540	5,899,845	708,244	(8,345,618)	(5,995)	(1,739,984)
Stock issued for debt and interest at an average of \$0.31 per share	4,354,181	4,354	1,366,991	-	-	-	1,371,345
Stock issued for accrued expenses at an average of \$0.16 per share	1,480,489	1,480	239,280	-	-	-	240,760
Stock issued for conversion of debentures at an average of \$.14 per share	308,333	308	42,192	-	-	-	42,500
Stock issued for services at an average of \$0.31 per share	122,184	122	37,210	-	-	-	37,332
Stock rescinded	(35,000)	(35)	35	-	-	-	-
Stock issued for cash at \$0.20 per share less \$233,386 for issuance costs	7,189,089	7,190	537,419	-	-	-	544,609
Warrants expired	-	-	307,367	(307,367)	-	-	-
Options expired	-	-	228,172	(228,172)	-	-	-
Miscellaneous stock adjustment for reverse split	41	-	-	-	-	-	-
Net loss for the year ended May 31, 2004	-	-	-	-	(1,231,777)	-	(1,231,777)
Foreign currency translation gain (loss)	-	-	-	-	-	(3,253)	(3,253)
Balance, May 31, 2004	16,959,600	\$ 16,959	8,658,511	\$ 172,705	(9,577,395)	\$ (9,248)	(738,468)
Stock issued for services at of \$0.17 per share	14,000	14	2,409	-	-	-	2,423
Stock issued for presently converted debt on a re-negotiated price	57,021	57	(57)	-	-	-	-
Net loss for the year ended August 31, 2004	-	-	-	-	(233,790)	-	(233,790)
Foreign currency translation gain (loss)	-	-	-	-	-	(247)	(247)
Balance, August 31, 2004	17,030,621	\$ 17,030	8,660,863	\$ 172,705	(9,811,185)	\$ (9,495)	(970,082)

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

ELGRANDE.COM
CONSOLIDATED STATEMENTS OF CASH FLOW

	Three months ended August 31, 2004	Three months ended August 31, 2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (233,790)	\$ (279,668)
Adjustments to reconcile net loss to net cash used by operating activities:		
Services paid by issuance of common stock and options	2,423	4,550
Allowance for bad debts	1,774	-
Depreciation and amortization	9,386	36,893
Decrease (increase) in:		
Accounts receivable	80,042	(8,658)
Prepaid expenses	(5,419)	-
Prepaid inventory	(3,419)	-
Inventory	6,602	(97,745)
Other assets	-	(16,230)
GST tax refundable	33,992	-
Employee advance receivable	(4,763)	(3,635)
Increase (decrease) in:		
Accrued interest	(37,277)	(446)
Accrued liabilities	(272,619)	79,664
Accounts payable	154,686	13,383
Commitments and contingencies	12,699	-
Net cash used in operating activities	<u>(255,683)</u>	<u>(271,892)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposits	(1,715)	62,089
Software acquisition	-	-
Purchase of property and equipment	2,440	-
Net cash used in investing activities	<u>725</u>	<u>62,089</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans	280,613	227,500
Proceeds from loans, related party	-	38,730
Repayment of loans	(55,727)	(4,000)
Issuance of common stock for cash	-	-
Net cash provided by financing activities	<u>224,886</u>	<u>262,230</u>
Net increase (decrease) in cash	(30,072)	52,427
Foreign currency translation gain (loss)	(247)	6,475
Cash, beginning of period	96,874	20,602
Cash, end of period	<u>\$ 66,555</u>	<u>\$ 79,504</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest and income taxes:		
Interest	\$ 5,258	\$ 2,100
Income taxes	\$ -	\$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Services paid by issuance of stock and options	\$ 2,423	\$ 4,550
Stock issued for debt	\$ 8,268	\$ 39,275

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

CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AUGUST 31, 2004

The financial statements have been prepared in accordance with generally accepted accounting principles for the interim financial information with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of the Company's management, all adjustments (consisting of only normal accruals) considered necessary for a fair presentation have been included.

For further information refer to the financial statements and notes thereto included in the Company's Annual Report on Form 10-KSB for the year ended May 31, 2004.

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. The Company has suffered material recurring losses from operations since inception. At August 31, 2004 the Company has a working capital deficit of approximately \$884,000, an accumulated deficit of approximately \$9,811,000 and negative cash flows from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Continuation of the Company is dependent on achieving sufficiently profitable operations and obtaining additional financing. Management has and is continuing to raise additional capital from various sources. The Company has developed a wholesale division which sources unique home décor items from Europe for distribution in North America. There can be no assurances that the Company will be successful in raising additional capital. The financial statements do not include any adjustment relating to the recoverability and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue and Cost Recognition

The Company recognized revenue for product sales when the products are shipped and title passes to customers. Cost of sales consists of the purchase price of products sold, inbound and outbound shipping charges and packaging supplies.

Accounts Receivable

The Company carries its accounts receivable at cost. The Company has not carried accounts receivable in the past and is in the process of developing a policy for recognizing doubtful accounts. The Company's policy is to accrue interest on trade receivables 30 days after Invoice date. A receivable is considered past due if the Company does not receive payment within 30 days.

Inventories

Inventory at August 31, 2004 consists of a variety of home-décor products. Inventories are recorded using the specific identification method and valued at the lower of cost or market value. Inventory consisting of manufactured products are recorded using the first in first out method and valued at the lower of cost or market value.

NOTE 2 - COMMON STOCK AND WARRANTS

During the three months ended August 31, 2004, the Company issued 71,164 shares of common stock for debt and services valued at \$10,691. All stock was issued at its fair market value at the date of grant.

In August 2003 the Company effected a 10 for 1 reverse split of the company's capital stock. As result of the reverse split, the Company's authorized common stock decreased from 200,000,000 to 20,000,000 shares. Capital restructuring was a necessary step in order to enable the Company to raise additional funding to support and grow the business.

ELGRANDE.COM, INC.**CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS****AUGUST 31, 2004****NOTE 3 - STOCK OPTIONS**

During the fiscal year ended May 31, 2003 the Company's board of directors approved the Elgrande.com, Inc. 2003 Stock Options Plan. The Company may issue up to 5,000,000 common stock options with a maximum per share price of \$0.05.

During the three months ended August 31, 2004, the Company did not issue any stock options from this plan.

The following is a summary of stock option activity:

	Number of Weighted Average Shares	Exercise Price
Outstanding at June 1, 2002	3,655,000	\$ 0.61
Outstanding at May 31, 2003	3,655,000	\$ 0.61
Options exercisable at May 31, 2003	3,640,000	\$ 0.61
Outstanding June 1, 2003	3,640,000	\$ 0.61
Expired	(1,119,000)	\$(0.11)
Options outstanding at May 31, 2004	2,521,000	\$ 0.83
Options outstanding and exercisable at August 31, 2004	2,521,000	\$ 0.83

NOTE 4 - NOTES AND DEBENTURES PAYABLE**Short-term Notes**

During the three months ended August 31, 2004, the Company's officers loaned the Company \$24,167 to fund continuing operations. During the three months ended August 31, 2004, the Company also received an interest free short-term loan of \$269,976 from an individual.

NOTE 5 - INVESTMENT IN EUROPEAN SUBSIDIARY

In the quarter ended August 31, 2002, the Company invested \$100,000 in its wholly owned European subsidiary, Elgrande Europe AG, stock of which has a par value of one euro. The subsidiary was created to provide an operating presence in Europe.

At August 31, 2004, there were no sales activity recorded in the European Company. Elgrande Europe AG has been consolidated in these financial statements.

NOTE 6 – INVESTMENT IN BISCAYNE BAY TRADING CORPORATION

In the quarter ended November 30, 2003, the Company acquired Biscayne Bay Trading Corporation for 35,000 shares of restricted common stock. Approximately 1.3 million shares are held in escrow for future borrowings for debenture agreements.

NOTE 7 – CORRECTION OF AN ERROR

Subsequent to the issuance of the original financial statements for the period ended May 31, 2004, management discovered that certain accounting positions and information were not correct.

The Company had issued 3,301,764 shares originally held in escrow subsequent to the audit at May 31, 2004. Management determined that this transaction had been a timing issue between consideration received and shares issued and had no effect on net loss or accumulated deficit for the period.

These corrections had no effect on the net loss, accumulated deficit or losses per share for the three months ending August 31, 2004.

For the Quarterly period ended August 31, 2004

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Cautionary Statement Regarding Forward-Looking Statements

This quarterly report contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance. Some discussions in this report may contain forward-looking statements that involve risk and uncertainty. A number of important factors could cause our actual results to differ materially from those expressed in any forward-looking statements made by us in this report. Forward-looking statements are often identified by words like: "believe", "expect", "estimate", "anticipate", "intend", "project" and similar expressions or words which, by their nature, refer to future events.

In some cases, you can also identify forward-looking statements by terminology such as "may", "will", "should", "plans", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

RESULTS OF OPERATIONS

Comparison of the three months ended August 31, 2004 and August 31, 2003.

In November 2002 we launched our wholesale division, European Sources Direct (ESD). Since then, we have established wholesale sales representation in key U.S. and Canadian regional giftware and home décor wholesale centers. We have secured certain exclusive corporate and wholesale distribution rights for products within the USA, Canada and Mexico.

For the quarter ended August 31, 2004, we had revenues of \$291,470 versus \$164,690 for the same period ending last year. This increase in revenues is primarily due to our increasing customer base and the continued strong performance of our principal product-line, The Love Plates.

For the quarter ended August 31, 2004, cost of revenues increased to \$135,509. This represents the cost of inventory sold and the corresponding freight-in charges of importing products.

For the quarter ended August 31, 2004, gross profit was \$155,961, or 54% versus \$53,304 or 32% for the same period ending last year.

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In addition, we had pending sales of \$145,207 booked as at August 31, 2004.

Revenue accounts for sales of products that have been delivered to customers. Pending sales are orders that have been received but not yet fulfilled due to reasons such as back orders or customer credit issues. The financial statements do not reflect pending sales as per GAAP.

Management is endeavoring to improve our operations. By improving inventory management, shipping logistics and product handling, we believe that we can increase efficiency and further lower costs of revenues to improve gross profit margins.

CHANGES IN FINANCIAL CONDITION

A summary of expenses for the three months ended August 31, 2004 compared to the period ended August 31, 2003 is as follows:

	2004	2003
	-----	-----
Consulting	\$ 16,555	\$53,899
Legal and other	4,149	6,243
Salaries	140,419	77,860
Depreciation and amortization	9,386	36,893
Office and administration	88,127	87,549
Travel and entertainment	19,286	22,270
Advertising and Marketing	97,085	36,602
Rent	16,966	6,970
Bad Debts	1,774	-
	-----	-----
	\$393,747	\$328,286
	=====	=====

There were some changes in our financial condition. Significant changes that warrant discussion include:

Consulting Fees

Consulting fees for the three months ended August 31, 2004 were lower versus the prior year's three months due to the reduction in consulting contracts.

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Salaries

The significant increase in salaries expense reflects costs in meeting our staffing needs. In the quarter ended August 31, 2003, we had not fully developed the human infrastructure to support our sales ramp up.

Advertising and Marketing

Our Advertising and Marketing expenses are significantly higher in the quarter ended August 31, 2004 primarily due to the increase in sales. As sales were higher in the quarter than in the same quarter ended 2003, a larger amount of sales commissions were paid out. As part of our sales strategy, we were also involved in promotional sales activity which lead to increased marketing costs. As our wholesale line was expanded to include the Ginger Kelly Glasses, costs were incurred to include samples of these at our showrooms located at select sales agencies across North America.

Rent

The increase in rent for the three months ended August 31, 2004 reflects the rent payable at our current warehouse location. We relocated our offices in August 2003 from a smaller office which provided no warehouse facilities. We currently occupy 8,089 square feet compared to 2,200 square feet previously.

Management is currently investigating other ways to improve its business administration. This may involve additional investments in information technology to create efficiencies.

LIQUIDITY AND CAPITAL RESOURCES

TRENDS LIKELY TO HAVE A MATERIAL IMPACT ON SHORT & LONG TERM LIQUIDITY
THE
SUCCESS OF THE WHOLESALE LINE

In the previous fiscal year, we established relationships with a network of 16 wholesale marketing agencies and representatives covering the North American market. In the last fiscal quarter, we added 2 marketing agencies in Canada. With exclusive distribution rights with our principal supplier and having established North American sales representation, we believe that revenues will continue to grow to reach its full potential. This will position us to be cash flow positive, self-sustaining and ultimately, profitable.

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UNCERTAINTIES LIKELY TO HAVE A MATERIAL IMPACT ON SHORT & LONG TERM LIQUIDITY

Uncertainties and/or fluctuations in the marketplace have an impact on Liquidity that cannot be quantified at this time.

INTERNAL AND EXTERNAL SOURCES OF CAPITAL

We have limited assets to sell in order to create short or long term liquidity. Therefore we are dependant on a combination of external sources for funding and the developing trend to positive net cash flow to maintain liquidity.

We have no material commitments requiring capital expenditures. There are no contracts with third parties that require funds.

We anticipate the need to develop sufficient inventory to meet sales demand. Short term, we will have to rely on external sources for funding to support immediate inventory requirements. Long-term, inventory build-up is planned to coincide with our ability to generate positive cash flow. Until such time as we have positive cash flow on a monthly basis, the dependence on external capital will remain.

There are no guarantees that we will be able to raise external capital in sufficient amounts or on terms acceptable to us. Our ability to demonstrate a consistent trend of positive cash flow and profitable quarters will have a beneficial effect on liquidity.

TRENDS, EVENTS OR UNCERTAINTIES THAT HAVE HAD OR THAT ARE REASONABLY EXPECTED TO HAVE A MATERIAL IMPACT ON NET SALES OR REVENUES OR INCOME FROM CONTINUING OPERATIONS

OPERATING ACTIVITIES

As revenue grows, so does the potential for trends, events and uncertainties to influence future cash flow and revenue.

Our wholesale activity is centered on procuring, importing, marketing and selling international products within the North American wholesale market. The current principal country of supply is Germany, with which we have negotiated exclusivity of product supply and currency rate. This will secure us a level of uniqueness of products in the marketplace and a reduction of exposure to foreign currency fluctuations between the Euro and US dollars.

Until such time we are able to diversify our source of supply and range of product, interruptions in supply from manufacturers may have a negative impact on operations, as would any major reduction in consumer demand.

Our principal product line is subject to two buying seasons. A Spring/Summer season, which has buying in the period late January through late April of each year, and a Fall/Winter season which has buying in the period late June through late October. There are order lulls in the periods between the two buying seasons, specifically November through January and May through June. The seasonality of the industry therefore has a material effect on the financial condition or results of operations.

For the Quarterly period ended August 31, 2004

We generated negative cash flow from operating activities for the period from inception (April 8, 1998) through August 31, 2004. We realized negative cash flow of \$255,683 from operating activities for the three months ending August 31, 2004 compared to negative cash flow of \$271,892 from operating activities for the three months ending August 31, 2003.

INVESTING ACTIVITIES

Investing activities for the period from inception through August 31, 2004 consisted primarily of the purchase of inventory and soft costs associated with the development of our wholesale activities.

FINANCING ACTIVITIES

Since inception, we financed operations through proceeds from the issuance of equity and debt securities and loans from shareholders and others. To date, we raised approximately \$7 million from the sale of common stock and have borrowed approximately \$2 million from investors and shareholders. Funds from these sources have been used as working capital to fund our wholesale activity.

During the quarter ending August 31, 2003, we underwent capital restructuring. Since then we have been engaged in a turnaround process that entailed shifting the business focus to importing and wholesale distribution in the giftware and home decor sector. This transition has been extremely successful as evidenced by our increasing sales and revenue. Our Board and management have been focused on carefully examining ways and means of continuing to move ahead. This process included speaking with key suppliers, large customers and potential funding sources. By August 2003, it had become clear that capital restructuring was a necessary step to allow the expansion of its product base, to sign large customers, to improve its due diligence profile with key account customers and suppliers, and to conclude negotiations for the funding necessary to support and grow the business. Upon reviewing these facts and on the advice of counsel, the Board decided that it was in our long-term best interest and the best interests of our shareholders to effectuate a change in our capital structure, and thereby provide us with a more stable base to build upon. In August 2003 we effected a 10 for 1 reverse split of our common stock.

Our financing activities for the quarter ended August 31, 2004 provided a net total of \$224,886. Cash at the end of the period was \$66,555.

ITEM 3. CONTROLS AND PROCEDURES.

QUARTERLY EVALUATION OF THE COMPANY'S DISCLOSURE CONTROLS AND INTERNAL CONTROLS.

As of the close of the period covered by this Quarterly Report on Form 10-QSB, the Company evaluated the effectiveness of the design and operation of its "disclosure controls and procedures" (Disclosure Controls), and its "internal controls and procedures for financial reporting" (Internal Controls). This evaluation (the Controls Evaluation) was done under the supervision and with the participation of management, including our Chief Executive Officer (CEO). Rules adopted by the SEC require that in this section of the Quarterly Report we present the conclusions of the CEO about the effectiveness of our Disclosure Controls and Internal Controls based on and as of the date of the Controls Evaluation. Based upon that evaluation, the Chief Executive Officer and Principal Financial and Accounting Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to

the Company required to be included in this Quarterly Report on Form 10-QSB. There have been no changes in the Company's internal controls or in other factors which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

CEO CERTIFICATIONS.

Appearing immediately following the Signatures section of this Quarterly Report there are two separate forms of "Certifications" of the CEO. The first form of Certification is required in accord with Section 302 of the Sarbanes-Oxley Act of 2002 (the Section 302 Certification). This section of the Quarterly Report which you are currently reading is the information concerning the Controls Evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS.

Disclosure Controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 (Exchange Act), such as this Quarterly Report, is recorded, processed, summarized and reported within the time periods specified.

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PART II. OTHER INFORMATION.

Item 2. Changes in Securities.

(a) Not applicable.

(b) Not applicable.

(c) The following provides information of all sales of outstanding stock in the quarter ended August 31, 2004 which were not registered under the Securities Act of 1933 (the "Act"):

Date	Title and Amount	Purchasers	Principal Underwriter	Total Offering Price/Underwriting Discounts
May 2004	71,896 shares of common stock	Private Investor	NA	Debt valued at \$10,425/NA
June 2004	57,021 shares of common stock	Private Investor	NA	Debt valued at \$8,268/NA
June - August 2004	3,301,764 shares of common stock pursuant to the Company's Series A Senior Subordinated Convertible Redeemable Debentures due October 31, 2004	Private Investors	NA	Valued at \$0.03 to \$0.16 per share/NA

(d) Not applicable.

Item 6. Exhibits and Reports on Form 8-K.

(a) EXHIBITS

No.	Description
31	Certification of Michael Holloran Pursuant to Section 302 of the -Sarbanes-Oxley Act of 2002, filed herewith
32	Certification of Michael F. Holloran Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith

(b) Reports on Form 8-K relating to the quarter ended August 31, 2004.

The Company did not file any reports on Form 8-K during the quarter ended August 31, 2004.

SIGNATURES

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

ELGRANDE.COM, INC.

By: /s/ Michael F. Holloran

Michael F. Holloran
President and Chief Executive Officer (Principal
Executive and Financial Officer)

Dated: October 20, 2004

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Michael F. Holloran, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Elgrande.com, 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; and
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. The registrant's other certifying officers and I are 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, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the 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 significant role in the registrant's internal control over financial reporting;

/s/ Michael F. Holloran

Michael F. Holloran
Chief Executive Officer and
Principal Financial Officer

Date: October 20, 2004

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 Elgrande.com, Inc. (the "Company") On Form 10-QSB for the period ended August 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael F. Holloran, Chief Executive Officer and Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge: (1) The Report fully complies with the 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/ Michael F. Holloran
Michael F. Holloran
Chief Executive Officer and Principal Financial Officer

October 20, 2004