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

FORM 10-QSB

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

For the Quarterly period ended November 30, 2006

[] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from ___________ to _____________

Commission file number 000-25335

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all documents and reports required to be filed by Sections 13 or 15(d) of the Securities 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 filings for the past 90 days. YES [X] NO [ ]

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

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

Class	November 30, 2006
Common stock, $ 0.001 par value	72,712,479

Transitional Small Business Disclosure format (check one): Yes [ ] No [X]

ELGRANDE INTERNATIONAL, INC.

FORM 10-QSB

For the Quarterly period ended November 30, 2006

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PART I. FINANCIAL INFORMATION

Item 1 - Financial Statements

ELGRANDE.COM INC.
CONSOLIDATED BALANCE SHEETS

		November 30 2006 (Unaudited)
ASSETS		
CURRENT ASSETS		
Cash	$	18,088
Accounts receivable		23,083
Prepaid expenses		2,230
Prepaid inventory		40,006
Inventory		149,713
Employee expense advances		2,616
GST tax refundable		3,017
TOTAL CURRENT ASSETS		238,753
PROPERTY AND EQUIPMENT, NET		-
OTHER ASSETS		
Software, net		88,649
Deposits		19,171
TOTAL OTHER ASSETS		107,820
TOTAL ASSETS	$	346,573
LIABILITIES & STOCKHOLDERS' EQUITY(DEFICIT)		
CURRENT LIABILITIES		
Bank overdraft	$	41,060
Accounts payable		264,116
Accrued liabilities		330,605
Accrued interest		-
Debentures		185,000
Derivative liability		999,000
Loans payable		935,371
Debentures and loans payable, related parties		458,134
TOTAL CURRENT LIABILITIES		3,213,286
COMMITMENTS AND CONTINGENCIES		129,599
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, 500,000,000 shares authorized, $.001 par value; 72,712,479 shares issued and outstanding, respectively		72,712
Additional paid-in capital		9,734,914
Accumulated deficit		(12,785,694)
Accumulated other comprehensive income (loss)		(18,244)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)		(2,996,312)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$	346,573

See accompanying condensed notes.

ELGRANDE.COM INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Three Months Ended November 30 2006 (unaudited)	Three Months Ended November 30 2005 (unaudited)	Six Months Ended November 30 2006 (unaudited)	Six Months Ended November 30 2005 (unaudited)
R E V E N U E S				
Product sales	$ 46,116	$ 159,282	$ 142,129	$ 328,608
	46,116	159,282	142,129	328,608
COST OF REVENUES	29,668	80,924	91,900	231,683
GROSS PROFIT (LOSS)	16,448	78,358	50,229	96,925
E X P E N S E S				
Consulting fees	137,417	41,168	201,313	79,408
Legal and professional fees	5,505	17,490	10,508	42,285
Salaries	24,803	73,282	76,497	169,394
Depreciation and amortization	6,053	2,737	12,029	5,474
Office and administration	8,477	40,110	19,922	80,926
Travel and entertainment	97	2,162	172	11,093
Selling expense	1,146	33,350	6,038	48,477
Rent	30,364	30,424	62,000	57,502
Bad debts	-	-	-	1,172
TOTAL OPERATING EXPENSES	213,862	240,723	388,479	495,731
LOSS FROM OPERATIONS	(197,414)	(162,365)	(338,250)	(398,806)
OTHER INCOME (EXPENSE)				
Non - Operating Income	(430,392)	-	(311,032)	(180)
Interest income	50	28	96	51
Interest expense	(65,208)	(9,774)	(129,342)	(16,950)
TOTAL OTHER INCOME (EXPENSE)	(495,550)	(9,746)	(440,278)	(17,079)
NET LOSS	(692,964)	(172,111)	(778,528)	(415,885)
OTHER COMPREHENSIVE INCOME				
Foreign currency translation gain (loss)	(5,071)	(40,104)	(7,724)	(34,027)
COMPREHENSIVE LOSS	$ (698,035)	$ (212,215)	$ (786,252)	$ (449,912)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING, BASIC AND DILUTED	48,590,740	30,612,479	45,475,522	28,266,776

See accompanying condensed notes.

ELGRANDE.COM INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

		Six Months Ended November 30 2006 (unaudited)		Six Months Ended November 30 2005 (unaudited)
Cash flows from operating activities:				
Net loss	$	(778,528)	$	(415,885)
Adjustments to reconcile net loss				
to net cash used by operating activities:				
Amortization of debt discount		92,500		-
Services paid by issuance of common stock and options		152,000		-
Loss on derivative instruments		314,500		-
Depreciation		11,778		5,240
Amortization		251		234
Allowance for bad debts		-		-
Commitments and contingencies		-		-
Decrease (increase) in:				
Accounts receivable		31,251		15,897
Prepare expenses		66		-
Prepaid inventory		1,180		-
Inventory		63,601		140,360
Employee advance receivable		8		(1,890)
Increase(decrease) in:				
Bank overdraft		41,060		44,867
GST tax refundable		789		(5,905)
Accrued interest		-		29,905
Accrued liabilities		25,987		78,487
Accounts payable		(11,681)		(8,001)
Net cash used in operating activities		(55,238)		(116,691)
Cash flows from investing activities:				
Deposits		13,816		1,340
Purchase of property and equipment		(270)		-
Net cash used in investing activities		13,546		1,340
Cash flows from financing activities:				
Proceeds from loans		15,889		101,551
Proceeds from loans, related party		24,359		64,177
Repayment of loans		(20,777)		(19,790)
Issuance of stock		-		-
Net cash provided by financing activities		19,471		145,938
Net increase (decrease) in cash		(22,222)		30,587
Foreign currency translation gain (loss)		7,724		(669)
Cash, beginning of period		32,586		7,918
Cash, end of period	$	18,088	$	37,836
		-		
SUPPLEMENTAL DISCLOSURES:				
Cash paid for interest and income taxes:				
Interest	$	-	$	7,283
Income taxes	$	-	$	-
NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Services paid by issuance of stock and options	$	152,000	$	-
Warrants issued for financing fees	$	-	$	-
Stock issued for debt	$	-	$	-
Stock issued for rent	$	-	$	-

See accompanying condensed notes.

NOTE 1 – BASIS OF PRESENTATION

The foregoing unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Regulation S-B as promulgated by the Securities and Exchange Commission. Accordingly, these financial statements do not include all of the disclosures required by generally accepted accounting principles for complete financial statements. These unaudited interim financial statements should be read in conjunction with the audited financial statements for the period ended May 31, 2006. In the opinion of management, the unaudited interim financial statements furnished herein include all adjustments, all of which are of a normal recurring nature, necessary for a fair statement of the results for the interim period presented.

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company's financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions that could have a material effect on the reported amounts of the Company's financial position and results of operations.

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 November 30, 2006, the Company has a working capital deficit of approximately $2,974,500, an accumulated deficit of approximately $12,785,700 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 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue and Cost Recognition
The Company recognizes revenue for product sales when 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 net realizable value. The Company 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 November 30, 2006 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 is recorded using the first in first out method and valued at the lower of cost or market value.

Recent Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board, issued Statement of Financial Accounting Standards ("SFAS, No. 154"), "Accounting Changes and Error Corrections," which replaces Accounting Principles Board Opinion No. 20, "Accounting Changes," and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements -- An Amendment of APB Opinion No. 28". SFAS No. 154 provides guidance on accounting for and reporting changes in accounting principle and error corrections. SFAS No. 154 requires that changes in accounting principle be applied retrospectively to prior period financial statements and is effective for fiscal years beginning after December 15, 2005. The Company does not expect SFAS No. 154 to have a material impact on our consolidated financial position, results of operations, or cash flows.

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 153. This statement addresses the measurement of exchanges of nonmonetary assets. The guidance in APB Opinion No. 29, "Accounting for Nonmonetary Transactions," is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that opinion, however, included certain exceptions to that principle. This statement amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. Management believes the adoption of this statement had no immediate impact on the financial statements of the Company.

In December 2004, the Financial Accounting Standards Board issued a revision to Statement of Financial Accounting Standards No. 123R, "Accounting for Stock Based Compensation." This statement supercedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and its related implementation guidance. This statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. This statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. This statement does not change the accounting guidance for share based payment transactions with parties other than employees provided in Statement of Financial Accounting Standards No. 123(R). This statement does not address the accounting for employee share ownership plans, which are subject to AICPA Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans." Management believes the adoption of this statement will have no impact on the financial statements of the Company. The Company previously adopted Statement of Financial Accounting Standard No. 123.

In November 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 151, "Inventory Costs— an amendment of ARB No. 43, Chapter 4". This statement amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB 43, Chapter 4, previously stated that ". . . under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges. . . ." This statement requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. Management believe the adoption of this statement had any immediate material impact on the Company.

NOTE 3 - COMMON STOCK

During the six months ended November 30, 2006, the Company issued 33,200,000 shares of common stock for services of $152,000.

NOTE 4 - STOCK OPTIONS

Since 1998 the Company has registered 5 stock option plans entitled the Elgrande.com Inc. 1998 Stock Option Plan, Elgrande.com Inc. 1999 Stock Option Plan, Elgrande.com Inc. 2000 Stock Option Plan, the Elgrande.com Inc. 2003 Stock Option Plan , the Elgrande International, Inc. 2005 Stock Option Plan and the Elgrande International, Inc. 2006 Stock Option Plan, hereinafter “the Plans”. Their purpose is to advance the business and development of the Company and its shareholders by enabling employees, officers, directors and independent contractors or consultants of the Company the opportunity to acquire a proprietary interest in the Company from the grant of options to such persons under the Plans' terms. The Plans provide that the Company’s board of directors may exercise its discretion in awarding options under the Plans. The Board determines the per share option price for the stock subject to each option. All options authorized by each plan must be granted within ten years from the effective date of the Plan.

During the years ended May 31, 2004, 2005, and 2006 the Company did not issue any new common stock options. Additionally, no options were exercised, and all options previously granted expired.

NOTE 5 - NOTES AND DEBENTURES PAYABLE

Short-term Notes
During the six months ended November 30, 2006, the Company's officers loaned the Company $24,359 to fund continuing operations.

On December 7, 2005, the Company executed a securities purchase agreement with certain accredited investors. Under the agreement, the Company agreed to sell its convertible debentures due three years from the final closing date. The principal amount of up to $600,000 bearing interest at the rate of 6% per annum and is convertible into shares of the Company's common stock at a conversion price for each share of common stock equal to 75% of the lowest closing bid price per share of the common stock for the fifteen trading days immediately preceding the date of conversion. For the quarter ended February 28, 2006, the company completed the sale of an aggregate of $555,000 in Debentures under the Purchase Agreement which resulted in net proceeds of $424,850. The difference between the Debenture face value and the proceeds received was for fees in the amount of $130,150. These fees have been recorded as a debt discount and are being amortized over a 3 year period straight line, totaling $3,615 per month.

The Company also recorded a beneficial conversion feature on the debentures as a discount on the debt in the amount of $424,850. This discount is being amortized over the 36 month term of the debenture, totaling $11,801 per month. Due to the requirement of the Company to provide restricted trading shares to the Debenture holders upon conversion, the Company has recorded a derivative liability of $514,300 at the date of execution. At November 30, 2006, the Company revalued the derivative liability at $999,000. A loss of $314,500 was recognized for the change in derivative valuation at November 2006.

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 quarter ended November 30, 2006 and November 30, 2005.

For the quarter ended November 30, 2006, we had revenues of $46,116 versus $159,282 for the same period ending last year. These revenues are primarily due to the wholesale distribution of the “Love Plates” from Walther Glas and the Ginger Kelly line of glassware. This decrease in revenues is due to our inability to fulfill orders because of the refusal of the Company’s principal supplier, Walther-Glas, to ship pre-paid inventory and management’s resulting decision to phase out of the home décor sector. The process of phase out began in July 2006 and is ongoing.

For the quarter ended November 30, 2006, cost of revenues decreased to $29,668 versus $80,924 for the same period ending last year. This represents the cost of inventory sold and the corresponding freight-in charges of importing product.

For the quarter ended November 30, 2006, gross profit was $16,448, or 35.7% of revenue versus $78,358 or 49.2% of revenue for the same period ending last year. The reduction in gross profit and gross profit as a percentage of revenue reflects the Company’s phase out from the home décor sector and the liquidation of existing inventory.

Changes in Financial Condition

A summary of expenses for the three month period ended November 30, 2006 compared to the same period in 2005 is as follows:

	2006	2005
Consulting	$ 137,417	$ 41,168
Selling expense	1,146	33,350
Legal and other	5,505	17,490
Salaries	24,803	73,282
Depreciation and amortization	6,053	2,737
Office and administration	38,841	70,534
Travel and entertainment	97	2,162
	$213,862	$240,723

Significant changes in the Company's financial condition that warrant discussion include:

Consulting Fees

Consulting fees were significantly increased in the three months ended November 30, 2006 than in the same period ended 2005 due to the engagement of a sales manager, management and marketing consultants to assist in evaluating our business strategy, and assisting the merging and acquisition transaction. These are expected to be non-recurring one time expenses.

Selling expense

Selling expenses were 96% lower in the three months ended November 30, 2006 than in the same period ended 2005. This is due to the Company’s scaling back on tradeshow attendance, sales representative activity and marketing activity all a result of the Company’s decision to phase out of the home décor sector and liquidate existing inventory. This is all a result of the dispute with Walther Glas. In addition, certain of our expenses were reclassified from Selling Expenses to Office and Administration to properly reflect only sales generating expenses.

Salaries

Salary costs were 66% lower in the three months ended November 30, 2006 than in the same period ended 2005. This reduction reflects the downsizing of staff in response to the phase out of the home décor sector.

Office and Administration

Office and administration costs were lower by 45% in the three months ended November 30, 2006 compared to the same period ending November 30, 2005. This reduction is primarily a result of reduced administrative expenses associated with the Company’s phase out of the home décor sector and the effective cost saving actions.

Travel and Entertainment

In the three months ended November 30, 2006 we cut our travel and entertainment costs by close to 96%. We eliminated our representation at trade shows and associated travel costs.

OTHER INCOME (EXPENSES)

Non-Operating Income (Expense)

For the quarter ending November 30, 2006 the Company incurred a $430,392 non-operating expense as a result of a change in the treatment of the derivative liability associated with the Company’s convertible debentures (Note 5). This resulted in a net non-operating expense of $311,032 for the six months ending November 30, 2006.

LIQUIDITY AND CAPITAL RESOURCES

Trends Likely to Have a Material Impact on Short & Long Term Liquidity

Liquidity

Our business is in transition and our liquidity must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development. Uncertainties in the ongoing supply of our principal home décor product line have directly impacted first and second quarter sales and liquidity. These uncertainties include, but are not limited to: the Company’s ability to secure ongoing product supply, foreign exchange fluctuations, and continued acceptance of the Company’s product within the Company’s home décor market and 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 dependent on external sources for funding until such time as the Company re-organizes and is either sold or shifts business sectors and develops positive net cash flow to maintain liquidity. 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. We have not been able to demonstrate a consistent trend of positive cash flow and profitable quarters, which would a beneficial effect on liquidity.

Investing Activities

Investing activities for the period from inception through November 30, 2006 consisted primarily of the purchase of inventory, property and equipment and soft costs associated with the development of our wholesale activities and supporting infrastructure.

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. As at November 30, 2006, approximately $935,370 remains as debt. Funds from these sources were used as working capital to fund the development of the Company.

On October 3, 2003, we entered into a merger agreement with Biscayne Bay Trading Corporation (‘Biscayne Bay”), a Florida corporation. Biscayne Bay was created to market and sell leading home décor and office furnishing products throughout the southeast United States. The merger became effective October 30, 2003 after which Biscayne Bay ceased to exist.

We issued 35,000 shares of our common stock in exchange for the outstanding shares of Biscayne Bay which equated the aggregate fair market value of approximately $8,000 of Biscayne Bay at the time of merger. As part of the merger agreement with Biscayne Bay the rights and obligations of Biscayne Bay under a debenture agreement were assigned to us, so that we would receive any subsequent funding under the debenture agreement. Under this Agreement, we have received $697,000 in convertible debenture financing.

The Company executed a securities purchase agreement dated as of December 7, 2005 (the "Purchase Agreement") with certain accredited investors under which we agreed to sell to these investors our convertible Debentures due three years from the final Closing Date under the Purchase Agreement in the aggregate principal amount of up to $600,000 bearing interest at the rate of 6% per annum and convertible into restricted shares of our Common Stock at a conversion price for each share of Common Stock equal to 75% of the lowest closing bid price per share (as reported by Bloomberg, LP) of our Common Stock for the fifteen trading days immediately preceding the date of conversion. At the close of the offering the company the company completed the sale of an aggregate of $555,000 in Debentures under the Purchase Agreement which resulted in net proceeds of $424,850.

The Company secured additional debenture financing from an accredited investor in the amount of $50,000 under terms similar to the December 7, 2005 purchase agreement. Loans and repayments to related parties netted to $40,248. The net total of financing activities for the quarter ended November 30, 2006 was $19,471. Cash at the end of the three months ended November 30, 2006 was $18,088.

PLAN OF OPERATION

Up to the year ending May 31, 2006 the Company specialized in designing, sourcing, importing, marketing and distributing products for the North American giftware, and home décor sectors. The Company sourced product from small and mid-sized European based “export ready” manufacturers for sale to independent retailers, designers and key accounts. Sales were made through the Company’s trade name European Sources Direct (ESD).

The principal country of supply was Germany and the principle currency for pricing inventory purchases was the Euro. We negotiated a currency accommodation with our principal supplier Plates GmbH a division of Walther-Glas GmbH & Co. KG of Germany. This accommodation provided some protection from currency fluctuations between the Euro and US dollars.

On June 21, 2006, we were informed verbally by a sales representative of a division of Walther-Glas GmbH & Co. KG that Walther-Glas had terminated their Agreement with the Company, which is inconsistent with the terms of our Agreement and our historical working relationship with Walther-Glas. We have not received any confirmation of this advice from Walther-Glas, in spite of several requests for clarification in writing of Walther-Glas’s position. Walther-Glas has not shipped the Company’s pre-paid inventory and have ignored the Company’s request for a refund. The Company is carefully reviewing its option to seek a legal solution.

This event, in combination with the disruptions in the production of our Ginger Kelly product, caused management to review the feasibility of continuing in the home décor sector and to consider alternative business opportunities. In light of the breach of the Company’s Agreement with Walther-Glas by Walther-Glas, and its impact on ongoing operations and sales, management concluded that it was in the best interest of shareholders to seek an alternative business opportunity. The Company initiated a plan to phase out of the home décor sector progressively over the period July through December 2006 as inventory is sold, and to enter into an entirely separate line of business through an acquisition.

<u>Letter of Intent with MCM Integrated Technologies Ltd.</u>

On August 24, 2006, we entered into a preliminary non-binding Letter of Intent (“Letter of Intent”) with MCM Integrated Technologies Ltd. (“MCM”), a Vancouver based company wholly owned by Murat Erbatur, one of our directors. MCM is pursuing four main areas of business: wholesale distribution of home automation equipment and computer peripherals to third party installers, and home automation projects in three main areas: homes [which includes single unit detached homes, single-unit town homes and single unit condominiums], town home projects, and condominium projects.

The Letter of Intent provided for our acquisition of all of the assets, liabilities and ongoing contracts of MCM, for a price based on an independent third party evaluation of the fair market value of MCM based on the pro forma three year business plan including current assets, liabilities, ongoing and forecast contracts. The form of payment is a combination of restricted common shares of the Company and cash, and the terms of payment are based on a formula structured to reflect current and future value as determined in the purchase price.

During the quarter ending November 30, 2006 the Company's Board of Directors engaged an independent valuation of MCM and management consultants to assist in structuring the acquisition. The acquisition was completed on December 8, 2006 at which time the Company entered into an Agreement and Plan of Reorganization with Intelligent Living Corp. ("ILC"), formerly MCM Integrated Technologies, Ltd. On December 12, 2006 the Company filed a notice of reorganization with the SEC on Form 8-K. Since that time the Company has continued to wind down its home décor inventory while beginning the process of integrating the ongoing business of ILC. The Board of Directors is continuing to evaluate the need for further acquisitions to strengthen and grow the revenue and market position of ILC. As of this date, we have not entered into any agreements relating to any such acquisitions.

Cash flow from ongoing ILC business combined with collection of home décor related accounts receivable and sale of residual home décor inventory are estimated to be sufficient to sustain the current level of operations through to the end of February 2007.

OFF BALANCE-SHEET ARRANGEMENTS

During the year ended May 31, 2006, and the six months ended November 30, 2006, the Company did not engage in any off-balance sheet arrangements as defined in Item 303(c) of the SEC's Regulation S-B.

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.

PART II. OTHER INFORMATION.

Item 6. 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

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 INTERNATIONAL, INC.

By: /s/ Michael F. Holloran

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

Dated: January 16, 2006

Exhibit 31

CERTIFICATION

I, Michael F. Holloran, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Elgrande International, Inc.;

2. Based on my knowledge, this 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 report;

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

4. The small business issuer's other certifying officer(s) 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 small business issuer, 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 small business issuer'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

    d. disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

DATE: January 16, 2006

/S/ Michael F. Holloran

Michael F. Holloran, Chief Executive Officer and Principal Financial Officer

Exhibit 32

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 International, Inc.(the "Company") On Form 10-QSB for the period ended November 30, 2006 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

January 16, 2006