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

FORM 10-QSB/A
Amendment No. 1

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

For the Quarterly period ended August 31, 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	August 31, 2006
Common stock, $ 0.001 par value	41,512,479

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

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PART I. FINANCIAL INFORMATION

Item 1 - Financial Statements

ELGRANDE INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS

	August 31 2006 (Unaudited) restated	May 31, 2006 Audited restated
ASSETS		
CURRENT ASSETS		
Cash	$ 2,469	$ 32,586
Accounts receivable	42,042	54,334
Prepaid expenses	2,282	2,296
Prepaid inventory	40,939	41,186
Inventory	165,729	213,314
Employee expense advances	2,622	2,624
GST tax refundable	3,249	3,806
TOTAL CURRENT ASSETS	259,332	350,146
PROPERTY AND EQUIPMENT, NET	-	-
OTHER ASSETS		
Software, net	94,690	100,396
Deposits	19,364	32,987
TOTALOTHERASSETS	114,054	133,383
TOTAL ASSETS	$ 373,386	$ 483,529
LIABILITIES & STOCKHOLDERS' EQUITY(DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	276,651	275,797
Accrued liabilities	335,817	304,618
Accrued interest	-	
Debentures	138,750	92,500
Loans payable	926,479	923,921
Debentures and loans payable, related parties	428,060	433,775
TOTAL CURRENT LIABILITIES	2,105,757	2,030,611
LONG-TERM LIABILITIES	130,294	130,479
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, 500,000,000 shares authorized, $.001 par value; 41,512,479 and 39,512, 479 shares issued and outstanding, respectively	41,512	39,512
Additional paid-in capital	10,058,964	10,040,964
Accumulated deficit	(11,949,968)	(11,747,517)
Accumulated other comprehensive income (loss)	(13,173)	(10,520)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(1,862,665)	(1,677,561)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 373,386	$ 483,529

See accompanying condensed notes to the financial statements.

ELGRANDE INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Three Months Ended August 31 2006 (unaudited) restated	Three Months Ended August 31 2005 (unaudited)
REVENUES		
Product sales	$ 96,013	$ 163,942
	96,013	163,942
COST OF REVENUES	62,232	150,759
GROSS PROFIT (LOSS)	33,781	13,183
EXPENSES		
Consulting fees	63,896	38,240
Legal and professional fees	5,603	24,795
Salaries	51,694	96,112
Depreciation and amortization	5,976	2,737
Office and administration	10,845	10,349
Travel and entertainment	75	8,931
Selling expense	4,892	24,058
Rent	31,636	27,078
Bad debts	-	1,172
TOTAL OPERATING EXPENSES	174,617	233,472
LOSS FROM OPERATIONS	(140,836)	(220,289)
OTHER INCOME (EXPENSE)		
Non - Operating Income	2,473	5,384
Interest income	46	23
Interest expense	(64,134)	(7,176)
TOTAL OTHER INCOME (EXPENSE)	(61,615)	(1,769)
NET LOSS	(202,451)	(222,058)
OTHER COMPREHENSIVE INCOME		
Foreign currency translation gain (loss)	(2,653)	6,077
COMPREHENSIVE LOSS	$ (205,104)	$ (215,981)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.005)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING, BASIC AND DILUTED	41,273,349	23,439,667

See accompanying condensed notes to the financial statements

ELGRANDE INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

		Three Months Ended August 31 2006 (unaudited) restated		Three Months Ended August 31 2005 (unaudited)
Cash flows from operating activities:				
Net loss	$	(202,451)	$	(222,058)
Adjustments to reconcile net loss				
to net cash used by operating activities:				
Amortization of debt discount		46,250		-
Services paid by issuance of common stock		20,000		-
Depreciation		5,851		2,620
Amortization		125		117
Allowance for bad debts		-		1,172
Commitments and contingencies		-		1,464
Decrease (increase) in:				
Accounts receivable		12,292		(3,998)
Prepare expenses		14		(2,124)
Prepaid inventory		247		(21,819)
Inventory		47,585		50,434
Employee advance receivable		2		4,694
Increase(decrease) in:				
Bank overdraft		13,243		18,565
GST tax refundable		(557)		279
Accrued interest				22,909
Accrued liabilities		31,199		44,164
Accounts payable		854		(18,953)
Net cash used in operating activities		(25,346)		(122,534)
Cash flows from investing activities:				
Deposits		13,623		1,731
software acquisition		(270)		
Purchase of property and equipment				-
Net cash used in investing activities		13,353		1,731
Cash flows from financing activities:				
Proceeds from loans		-		99,463
Proceeds from loans, related party		-		78,364
Repayment of loans		(20,777)		(32,609)
Issuance of stock		-		-
Net cash provided by financing activities		(20,777)		145,218
Net increase (decrease) in cash		(32,770)		24,415
Foreign currency translation gain (loss)		2,653		(21,877)
Cash, beginning of period		32,586		7,918
Cash, end of period	$	2,469	$	10,456
SUPPLEMENTAL DISCLOSURES:				
Cash paid for interest and income taxes:				
Interest	$	-	$	-
Income taxes	$	-	$	-
NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Services paid by issuance of stock and options	$	20,000	$	-

See accompanying condensed notes to the financial statements

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 August 31, 2006, the Company has a working capital deficit of approximately $1,846,400, an accumulated deficit of approximately $11,949,960 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 August 31, 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.

<u>Recent Accounting Pronouncements</u>

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 three months ended August 31, 2006, the Company issued 2,000,000 shares of common stock for services of $20,000.

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.

The fair value of each of the above options granted was estimated on the grant date using the Black-Scholes Option Price Calculation. The following assumptions were made to estimate fair value: the risk-free interest rate is 5%, volatility is 50%, and the expected life of the options is five years.

The following is a summary of the Company's stock option plans:

	Number of Shares	Weighted Average Exercise Price
Options outstanding and exercisable at May 31, 2006	55,000	$ 1.00
Expired	55,000	$ 1.00
Options outstanding and exercisable at August 31, 2006	0	$ -

NOTE 5 - NOTES AND DEBENTURES PAYABLE

Short-term Notes

During the three months ended August 31, 2006, the Company repaid the Company's officers loans approximately $20,770.

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 the total amount of $138,750 as debentures.

Note 6 – Restatement of Financial Statements for the period ending August 31, 2006

The 10QSB quarterly financial statements for the period ending August 31, 2006 filed on October 17, 2006 recorded a derivative liability on $555,000 in Debentures pursuant to the requirements of Financial Accounting Standard No. 133. In a subsequent re-examination of the terms of the debentures it was concluded that since the debentures contemplate the issuance of restricted securities upon conversion the calculation and statement of derivative liability was inappropriate. The re-evaluation resulted in re-statements of certain line items affecting the balance sheet, income statement and cash flows including: reversal of derivative liability $145,805 and corresponding decrease in total current liabilities of $145,805; increase in paid-in capital of $424,850 equal to the net proceeds of sale of debentures; increase in accumulated deficit of $279,042, and additional reduction in non-operating income and accruals for amortized debt discount. The adjustments are summarized in the following table:

ELGRANDE INTERNATIONAL, INC.

	August 31 2006 filed 17/10/06 (Unaudited)	August 31 2006 restated (Unaudited)	Change in Position
CONSOLIDATED BALANCE SHEETS			
LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)			
CURRENT LIABILITIES			
Derivative liability	145,805	-	(145,805)
TOTAL CURRENT LIABILITIES	2,251,562	2,105,757	(145,805)
STOCKHOLDERS' EQUITY (DEFICIT)			
Additional paid-in capital	9,634,114	10,058,964	424,850
Accumulated deficit	(11,670,926)	(11,949,968)	(279,042)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(2,008,473)	(1,862,665)	145,808

	Three Months Ended August 31, 2006 Filed 17/10/2006 (Unaudited)	Three Months Ended August 31,2006 Amended (Unaudited)	Change in Position
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS			
OTHER INCOME (EXPENSE)			
Non-Operating Income	12,067	2,473	(9,594)
TOTAL OTHER INCOME (EXPENSE)	(52,021)	(61,615)	(9,594)
NET LOSS	(192,860)	(202,451)	(9,594)
COMPREHENSIVE LOSS	$ (195,513)	$ (205,104)	$ (9,594)
CONSOLIDATED STATEMENT OF CASH FLOWS			
Net gain (loss)	(192,857)	(202,451)	(9,594)
Gain (loss) on derivative instruments	(9,594)	-	9,594
Accrued interest	16,650		(16,650)

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, 2006 and August 31, 2005.

For the quarter ended August 31, 2006, we had revenues of $96,013 versus $163,942 for the same period ending last year. These revenues are primarily due to the wholesale distribution of the “Love Plates” from Walther-Glas. This decrease in revenues is due to our inability to fulfill booked orders because of the refusal of the Company’s principal supplier, Walther-Glas, to ship pre-paid inventory.

For the quarter ended August 31, 2006, cost of revenues decreased to $62,232 versus $150,759 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 August 31, 2006, gross profit was $33,780, or 35% of revenue versus $13,183 or 8% of revenue for the same period ending last year.

Changes in Financial Condition

A summary of expenses for the three month period ended August 31, 2006 compared to the same period in 2005 is as follows:

	2006	2005
Consulting	$ 63,896	$ 38,240
Selling expense	4,892	24,058
Legal and other	5,603	24,795
Salaries	51,694	96,112
Depreciation and amortization	5,976	2,737
Office and administration	42,481	38,599
Travel and entertainment	75	8,931
	$174,617	$233,472

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

Selling expense

Selling expenses were 79.67% lower in the three months ended August 31, 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. 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.

Consulting Fees

Consulting fees were 67.1% more in the three months ended August 31, 2006 due to the engagement of a sale accounts manager and a management and marketing consultant to assist in evaluating our business strategy.

Office and Administration

Office and administration costs were higher by 10.06% in the three months ended August 31, 2006 compared to the same period ending August 31, 2005. This increase is primarily a result of the raise in the rental expense of our premises.

Travel and Entertainment

In the three months ended August 31, 2006 we cut our travel and entertainment costs by close to 99.16%. We limited our representation at trade shows, cutting back travel costs.

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 marketplace that affect sales and product supply of our home décor line of business directly impact liquidity. These uncertainties include, but are not limited to: the Company's ability to secure ongoing product supply, foreign exchange fluctuations, labor and material shortages, labor disruptions, continued acceptance of the Company's product within the Company's 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 a combination of external sources for funding and the developing trend to increased sales and 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 August 31, 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 August 31, 2006, approximately $926,479 remains as debt. Funds from these sources were used as working capital to fund the on-going development of our wholesale division.

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 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 and a loan of $101,551 from an accredited investor. Loans and repayments to related parties netted to -$20,777. The net total of financing activities for the quarter ended August 31, 2006 was -$20,777. There were no financing activities in the three month period ended August 31, 2006. Cash at the end of the three months ended August 31, 2006 was $2,469.

PLAN OF OPERATION

We have specialized in designing, sourcing, importing, marketing and distributing products for the North American giftware, and home décor sectors. The Company has sourced product from small and mid-sized European based “export ready” manufacturers for sale to independent retailers, designers and key accounts. Sales have been 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 that provided some protection from currency fluctuations and a reduction of exposure to foreign 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 was terminating their agreement with the Company, which is inconsistent with the terms of our agreement with Walther-Glas and our recent working relationship with them. We have not received any confirmation of this advice from Walther-Glas, and we have requested 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, has 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 future sales, management has concluded that it is in the best interest of shareholders to seek an alternative business opportunity. The Company plans to phase out of the home décor sector progressively over the period September through December 2006 as inventory is sold, and is considering entering an entirely separate line of business through an acquisition.

Letter of Intent with MCM Integrated Technologies Ltd.

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 provides for the acquisition of all of the assets and ongoing contracts of MCM by us, for a price based on an independent third party evaluation of the fair market value of the acquired assets including current assets, liabilities and future value based on the pro forma three year business plan for Intelligent Living. The form of payment is to be a combination of common shares of the Company and cash, and the terms of payment would be negotiated between buyer and seller based on a formula structured to reflect current and future value as determined in the purchase price.

Our Potential Businesses

With our decision to phase out of the business of designing, sourcing, importing, marketing and distributing products for the North American giftware market, and our ongoing evaluation of the possible negotiation of an agreement to acquire MCM, our Board of Directors has determined that, if we do not proceed to acquire MCM, our business model should be re-evaluated to identify and acquire another business through a business combination. As of this date, we have not entered into any agreements relating to any such acquisitions.

Collection of accounts receivable and sale of prepaid inventory is estimated to be sufficient to sustain the current level of operations through to the end of January 2007.

OFF BALANCE-SHEET ARRANGEMENTS

During the year ended May 31, 2006, and the three months ended August 31, 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: April 11, 2007

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: April 11, 2007

/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 August 31, 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

April 11, 2007