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

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended February 28, 2009

OR

☐·TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ___________ to _____________

Commission file number: **000-25335**

INTELLIGENT LIVING CORP.
(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

88-0409024
(I.R.S. Employer Identification Number)

SUITE 221, 2323 QUEBEC STREET
Vancouver, BC
V5T 4S7
(Address including zip code of principal executive offices)

Issuer's telephone number: **(604) 876-7494**

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

Large accelerated filer	☐		Accelerated filer	☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company	☒

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

As of February 28, 2009, the registrant had outstanding 48,614,255 shares of its $.001 par value Common Stock.

INTELLIGENT LIVING CORP.
FORM 10Q
For the Quarterly period ended February 28, 2009

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PART I. FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

INTELLIGENT LIVING CORP.
CONSOLIDATED BALANCE SHEETS

		February 28, 2009 (unaudited)		May 31, 2008 (audited)
CURRENT ASSETS				
Cash	$	11,202	$	9,369
Accounts Receivable		40,352		41,321
Prepaid expenses		3,280		4,166
Inventory		65,346		54,166
Investment		31,741		40,309
Employee expense advances		2,592		2,652
GST/PST tax refundable		-		83
TOTAL CURRENT ASSETS	**$**	**154,513**	**$**	**152,066**
PROPERTY & EQUIPMENT, NET		**90,110**		**148,001**
OTHER ASSETS				
Deposits		711		902
Goodwill MCM		238,623		243,361
Other assets		12,107		15,375
TOTAL OTHER ASSETS		**251,441**		**259,638**
TOTAL ASSETS	**$**	**496,064**	**$**	**559,705**
LIABILITIES AND STOCKHOLDERS' (DEFICIT)				
CURRENT LIABILITIES				
Bank Overdraft		23,420		50,684
Accounts payable		378,317		389,895
Accrued liabilties		19,395		225,633
Accrued interest		173,362		270,176
Subscription Deposit		-		289,245
Short Term Note		100,638		85,828
Short Term Note - Related Party		279,761		1,005,881
TOTAL CURRENT LIABILITIES	**$**	**974,893**	**$**	**2,317,342**
LONG-TERM LIABILITIES				
Debentures		1,005,183		801,746
Debentures and Loans Related Parties		-		339,999
TOTAL LONG TERM LIABILITIES		**1,005,183**		**1,141,745**
TOTAL LIABILITIES		**1,980,076**		**3,459,087**
STOCKHOLDERS' (DEFICIT)				
Common stock, 800,000,000 shares authorized, $0.001 par value; 48,614,251 and 975,998 issued and outstanding respectively		48,614		976
Additional paid in capital		12,533,964		10,938,061
(Accum deficit)		(14,047,322)		(13,776,661)
Accum other comp income/(loss)		(19,268)		(61,758)
TOTAL STOCKHOLDERS' (DEFICIT)	**$**	**(1,484,012)**	**$**	**(2,899,382)**
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	**$**	**496,064**	**$**	**559,705**

See accompanying condensed notes to the condensed consolidated financial statements.

INTELLIGENT LIVING CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	For the 3 Months Ended		For the 9 Months Ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues continuing operations				
Intelligent Home: Equipment & Services	$ 47,552	67,107	$ 149,560	227,219
Cost of revenues				
Intelligent Home: Equipment & Services	27,775	37,778	68,138	125,216
Gross profit	19,777	29,329	81,422	102,003
Expenses				
Consulting fees	-	5,000	-	5,000
Selling expense	38	310	2,134	2,595
Salaries	20,484	17,224	60,107	52,740
Depreciation	6,421	7,004	21,031	20,766
Office & Admin	15,773	26,673	56,144	76,582
TOTAL OPERATING EXPENSES	42,716	56,211	139,416	157,684
Gain (loss) from continuing operations	(22,939)	(26,882)	(57,994)	(55,681)
Other income (expense)				
Interest expense	(4,470)	(6,396)	(15,326)	(26,861)
TOTAL OTHER INCOME (EXPENSE)	(4,470)	(6,396)	(15,326)	(26,861)
Net (loss) income from continuing operations	$ (27,409)	(33,278)	$ (73,320)	(82,541)
Gain (loss) on discontinued operations - net of Income tax	(60,136)	(250,890)	(197,341)	(403,519)
Net (loss) before income tax	(87,545)	(284,168)	(270,661)	(486,060)
Provision for income tax	-	-	-	-
Net (loss)	**(87,545)**	**(284,168)**	**(270,661)**	**(486,060)**
EARNINGS PER SHARE BASIC AND DILUTED				
(Loss) income per share from continuing operations	(0.00)	(0.07)	(0.00)	(0.25)
(Loss) per share from discontinued operations	(0.00)	(0.54)	(0.01)	(1.21)
Net (Loss) per share	(0.00)	(0.62)	(0.01)	(1.45)
Weighted average number of common stock shares outstanding, basic and diluted	46,362,898	461,255	22,863,012	334,207
Other comprehensive income				
Foreign currency translation gain (loss)	3,324	(937)	42,489	(24,648)
Comprehensive gain (loss)	$ **(84,221)**	**(285,105)**	$ **(228,172)**	**(510,708)**

See accompanying condensed notes to the condensed consolidated financial statements

INTELLIGENT LIVING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOW

		Nine Months Ended February		
		February-28 2009 (unaudited)		February-29 2008 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$	(270,661)	$	(486,060)
Adjustments to reconcile net loss				
to net cash used by operating activities:				
Amortization of debt discount		49,851		144,159
Services paid by issuance of common stock		-		37,500
Depreciation / Amortization		40,181		39,040
Imputed Interest		7,713		17,350
Decrease (increase), net of acquisition, in:				
Accounts receivable		(7,213)		68,741
Prepaid expenses		886		(931)
Inventory		(11,180)		(24,346)
Other assets		-		(1,375)
Increase (decrease), net of acquisition, in:				
Accrued liabilities and interest		93,005		173,708
Employee advance receivable		-		(26)
Accounts payable		15,976		12,992
GST tax refundable		83		(652)
Bank overdraft		(27,264)		(4,283)
Net cash used in operating activities		(108,624)		(24,183)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Deposits		-		4,919
Net cash used in investing activities		-		4,919
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds of loans		12,702		-
Proceeds from loans, related party short term		55,838		10,619
Proceeds from loans, related party		-		31,108
Repayment of loans, related party short term		(572)		(4,533)
Net cash provided by financing activities		67,968		37,194
Net increase (decrease) in cash		(40,656)		17,930
Foreign currency translation gain (loss)		42,489		(24,648)
Cash, beginning of period		9,369		17,075
Cash, end of period	$	**11,202**	**$**	**10,357**
SUPPLEMENTAL DISCLOSURES:				
Cash paid for interest and income taxes:				
Interest	$	15,326	$	4,903
Income taxes	$	-	$	-
NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Common Stock Issued for Accrued liabilities	$	200,000	$	37,500
Common stock issued for debt and interest	$	1,633,941	$	94,570
Accrued liabilities converted to notes payable	$	36,027		-

See accompanying condensed notes to the condensed consolidated financial statements

NOTE 1 – BASIS OF PRESENTATION

Intelligent Living Corp ("ILC", the "Company", "we", "us") formerly Elgrande International Inc., through its wholly owned subsidiary MCM Integrated Technologies, Ltd. ("MCM"), specializes in designing, supplying, installing, upgrading and servicing home automation solutions, energy use monitoring and conservation systems and commercial real estate presentation center solutions including: structured wiring, security and access control systems, internet access, lighting, HVAC and environmental controls, energy use monitoring and reduction systems and distributed audio/video systems. The Company offers both wired and wireless technology for single and multi unit new construction and existing buildings, using both traditional component and Microsoft Windows Media Center based systems.

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. The Letter of Intent provided for the acquisition of all of the assets and ongoing contracts of MCM 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 of MCM. On December 8, 2006 ILC acquired all of the outstanding capital stock of MCM for $280,695, which included 10,000,000 shares of common stock of ILC valued at $150,000 and $130,695 in the form of a note payable. With this acquisition, ILC became a leading home automation provider in southwestern BC and the greater Phoenix area.

MCM has been supplying custom IT solutions since 1994 and home automation and energy management solutions since 2003. The Company has offices and demonstration suites in Phoenix and Vancouver and is active with single family homes and multi-unit town homes and condominium projects in southwest BC, the greater Phoenix area and Istanbul Turkey.

Following the acquisition of MCM in December 2006, the Company expanded its service offerings to include home comfort and energy efficiency solutions integrated with and controlled by home automation applications. In response to the downturn in the US housing market the Company has increased its focus on the western Canadian housing market and initiated technology cooperation with leading marketing and home security groups in the Republic of Turkey for market development in Turkey and the Middle East.

Prior to the acquisition of MCM the Company was engaged in the import and distribution of home décor products for the North American market. This activity was pursued through its wholly owned subsidiary Cardinal Points Trading Corp. In July 2006, as a result of a breach of the Company's exclusivity agreement with its principal supplier by its principal supplier and other production related issues the board of directors began an evaluation of alternative business models and opportunities. In December 2006 the Company discontinued its activity in the home décor sector and began a process to dispose of assets and obligations related to the home décor import and distribution business. This process continued through the quarter ended February 28, 2009. Liquidation of the Company's home décor inventory has been slower than expected principally as a result of the slowdown of the US economy and competition from suppliers of the same and similar product to the US home décor wholesale market.

Results from ongoing operations reported for the 9 months ended February 28, 2009 and February 29, 2008 relate to sales, marketing and support of home automation and energy efficiency products and services. Results from discontinued operations relate to the Company's phase out activities in the home décor sector and include the costs of liquidating inventory, reducing staff and closing office and warehouse space, renting temporary warehouse space for remaining home décor inventory and office equipment, legal, professional and staff time related to eliminating and reducing liabilities associated with discontinued operations, accretion of beneficial conversion and financing fee discount and interest charges associated with historical financings related to home décor inventory support..

On July 4, 2007 Elgrande International, Inc. merged with its wholly owned subsidiary Intelligent Living Corp. As a result of the merger, the Articles of the surviving entity were amended and the name of the surviving entity became Intelligent Living Corp. On August 28, 2007 the Company filed notice of late filing of the Company's 10KSB annual report and, as a consequence of the NASDAQ OTCBB rules regarding late filing of annual and quarterly reports the Company was delisted to the Pink Quote system. On August 29, 2008 the Company became eligible for relisting NASD Over the Counter Bulletin Board (OTCBB) exchange subject the filing and approval by the Financial Industry Regulatory Authority (FINRA) of a Form 211 submission under SEC Rule 15C2-11.

On February 29, 2008 the Company filed a preliminary Schedule 14C Information Statement outlining proposed amendments to the Company's Articles of Incorporation including a one for five hundred reverse split of the Company's common stock, adjustment of the Company's authorized capital to eight hundred million common shares and five million preferred shares. The proposed amendments were approved by a majority of shareholders on February 29, 2008.

On August 20, 2008 the Company received clearance from the SEC for filing a Definitive Information Statement for proposed amendments to the Company's Articles of Incorporation. On August 22, 2008 the Company received correspondence from the Securities and Exchange Commission (SEC) advising that they had no further comments on the Company's annual report on Form 10-KSB/A for fiscal year ended May 31, 2005 filed July 18, 2005. As at February 28, 2009 there are no outstanding comments on the Company's SEC filings.

On August 25, 2008 the Company filed a Definitive Information Statement on Schedule 14C and on August 26, 2008 provided a copy of the Information Statement to shareholders of record of the Company's common stock, par value $0.001 per share, on the record date as determined by the Company's board of directors to be the close of business on July 10, 2008. On September 29, 2008 the amendments to the Company's Articles of Incorporation as specified in the Information Statement on Schedule 14C as filed on August 26, 2008 became effective and the Company's trading symbol and CUSIP number were changed to reflect the change in the Company's capital structure.

In late November 2008 the Company completed a draft Form 211 submission and in December 2008 submitted the draft for legal review prior to submission to FINRA. A Form 211 application was filed with FINRA on behalf of the Company in February 2009.

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-Q and Regulation S-X 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, 2008. 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 February 28, 2009, the Company has a working capital deficit of approximately $820,380 an accumulated deficit of approximately $14,047,322 and negative cash flows from consolidated 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. 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.

Comprehensive Income
In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, “Reporting Comprehensive Income” (hereinafter “SFAS No. 130”). SFAS No. 130 established standards for reporting and displaying comprehensive income, its components and accumulated balances. SFAS No. 130 is effective for periods beginning after December 15, 1997. The Company has adopted this accounting standard and for the year to date ending February 28, 2009 reported a comprehensive gain of $42,489 resulting from the conversion of Canadian dollar subsidiaries into US dollars.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Services are provided at billing rates that a mark-up over the cost of labor and supporting infrastructure. Services are billed as progress payments linked to pre-agreed work schedules, on fixed price schedules or as hourly charges.

Cost of sales consists of the purchase price of products sold, inbound and outbound shipping charges, and third party contract labor.

In November 2001, the Emerging Issues Task Force reached a consensus on Issue 01-9, "Accounting for Consideration Given by a Vendor to a Customer". EITF 01-9 addresses the recognition, measurement and income statement classification for sales incentives offered to customers. Sales incentives include discounts, coupons, free products and generally any other offers that entitle a customer to receive a reduction in the price of a product. Under EITF 01-9, the reduction in the selling price of the product resulting from any sales incentives should be classified as a reduction of revenue. The Company adopted EITF 01-9 in fiscal 2002. The Company does not offer sales incentives to its customers.

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. A receivable is considered past due if the Company does not receive payment within 30 days. The Company estimates bad debts utilizing the allowance method, based upon past experience and current market conditions. At February 28, 2009 and February 29, 2008, there was no allowance for doubtful accounts.

Inventories
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 re-handling 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. This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005.

Inventory at February 28, 2009 and February 29, 2008 consisted of a variety of home automation equipment and home décor products. Home décor inventories are recorded using the specific identification method and valued at the lower of recorded cost or market value. Home automation inventory consisting of manufactured products is recorded using the first in first out method and valued at the lower of recorded cost or market value. On May 31, 2008 the Company began recognizing a reserve for potential inventory obsolescence. The recorded cost of inventory was $149,068 at February 28, 2009, and $179,813 at February 29, 2008. A reserve of $83,722 was recorded at February 28, 2009 to cover the full recorded cost of home décor product. There were no reserves recorded for home automation inventory for the period ended February 28, 2009.

Inventory	Recorded Cost February 28, 2009	Recorded Cost February 29, 2008
Home automation equipment	$65,346	$70,223
Home décor products	$83,722	$109,590
Total Recorded Cost	$149,068	$179,813
	Reserve	
Home automation equipment	-	-
Home décor products	$83,722	-
Total Inventory net of reserve	$65,346	$179,813

Foreign currency translation
The Company has adopted Financial Accounting Standard No. 52. Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at rates of exchange in effect at the balance sheet date. Gains or losses are included in income for the year, except gains or losses relating to long-term debt, which are deferred and amortized over the remaining term of the debt. Non-monetary assets, liabilities and items recorded in income arising from transactions denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction.

MCM Integrated Technologies, Ltd. and Cardinal Points Trading, Corp. use the Canadian Dollar as their functional currency. Transactions denominated in currencies other than the entity's functional currency are translated into the entity's functional currency at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling on the balance sheet date. Currency translation differences are recognized in the statement of income for the period.

On consolidation, the results of operations and cash flows whose functional currency is other than the US dollar are translated into US dollars at the average exchange rate for the period and their assets and liabilities are translated into US dollars at the exchange rate ruling on the balance sheet date. Currency translation differences are recognized within other comprehensive income as a separate component of shareholders' equity. In the event that such an operation is sold, the cumulative currency translation differences that are attributable to the operation are reclassified to income.

Goodwill
Goodwill is calculated as the excess of the fair value of consideration paid over the fair value of tangible and intangible assets acquired and liabilities assumed. Goodwill will be tested for impairment annually according to FAS 142. An impairment test would also be performed in any period in which events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment would be recognized at that time, to the extent that the carrying amount exceeds the undiscounted future net cash flows expected from its use. The Company recorded goodwill in the amount of $241,676 related to the acquisition of MCM Integrated Technologies, Ltd. Management reviewed Goodwill and found that there was no impairment for the period ended February 28, 2009 and no expense has been recognized.

Earnings per Share
The Company has adopted Statement of Financial Accounting Standards Statement No. 128, "Earnings Per Share". Basic loss per share is computed using the weighted average number of common shares outstanding. Diluted net loss per share is the same as basic net loss per share, as the inclusion of common stock equivalents would be antidilutive.

(in thousands)		**For the Nine months Ended February 28, 2009**	**29, 2008**
Gain (Loss) from continuing operations [net of income tax]	$	(73.3)	(82.5)
Gain (Loss) from discontinued operations [net of income tax]		(197.3)	(403.5)
Net (Loss) income [net of income tax]	$	(270.6)	(486.0)
Provision for income tax		—	—
Net (Loss) Income	$	(270.6)	(486.0)
Weighted average shares outstanding:			
basic and dilutive		22,863,012	334,207
Effect of dilutive securities:			
stock options and warrants		—	—
Convertible note		—	—
diluted		22,863,012	334,207
Gain (Loss) per share from continuing operations: basic and diluted	$	(0.00)	(0.25)
Gain (Loss) per share from discontinued operations: basic and diluted	$	(0.01)	(1.21)
Net (loss) income per share: basic and diluted	$	(0.01)	(1.45)

Impairment of long-lived assets

We assess the impairment of goodwill and indefinite life intangibles on an annual basis. The potential impairment of finite life intangibles is assessed whenever events or a change in circumstances indicate the carrying value may not be recoverable. Factors we consider important which could trigger an impairment review include the following:

- significant underperformance relative to historical or expected projected future operating results;
- significant changes in the manner of our use of the acquired assets or the strategy for our overall business;
- significant negative industry or economic trends;
- significant decline in our stock price for a sustained period of time; and
- our market capitalization relative to net book value.

When we determine that the carrying value of goodwill and indefinite life intangibles may not be recoverable based upon the existence of one or more of the above indicators of impairment, we measure any potential impairment based on a projected discounted cash flow method using a discount rate determined by our management to be commensurate with the risk inherent in our current business model.

Costs Associated with Exit or Disposal Activities

In June 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" (hereinafter "SFAS No. 146"). SFAS No. 146 addresses significant issues regarding the recognition, measurement, and reporting of costs associated with exit and disposal activities, including restructuring activities. SFAS No. 146 also addresses recognition of certain costs related to terminating a contract that is not a capital lease, costs to consolidate facilities or relocate employees, and termination benefits provided to employees that are involuntarily terminated under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred-compensation contract. SFAS No. 146 was issued in June 2002 and is effective for activities after December 31, 2002. There has been no impact on the Company's financial position or results of operations from adopting SFAS No. 146.

Segment Reporting

SFAS No. 131, Disclosure about Segments of an Enterprise and Related Information, establishes standards for the reporting by business enterprises of information about operating segments, products and services, geographic areas and major customers. The method for determining what information to report is based on the way that management organizes the operating segments within ILC for making operational decisions and assessments of financial performance.

ILC's chief executive officer (CEO) is considered to be the chief operating decision-maker. The CEO reviews financial information presented on a consolidated basis for purposes of making operating decisions and assessing financial performance. ILC has determined that it operates in a single operating segment, specifically, marketing home automation products, technology and services.

Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS No. 141R"). SFAS No. 141R is a revision to SFAS No. 141 and includes substantial changes to the acquisition method used to account for business combinations (formerly the "purchase accounting" method), including broadening the definition of a business, as well as revisions to accounting methods for contingent consideration and other contingencies related to the acquired business, accounting for transaction costs, and accounting for adjustments to provisional amounts recorded in connection with acquisitions. SFAS No.141R retains the fundamental requirement of SFAS No. 141 that the acquisition method of accounting be used for all business combinations and for an acquirer to be identified for each business combination. SFAS No. 141R is effective for periods beginning on or after December 15, 2008, and will apply to all business combinations occurring after the effective date. SFAS No. 141R is not expected to have an impact on the Company's results of operations, financial condition or liquidity.

The FASB also issued SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statements – an amendment of Accounting Research Bulletin No. 51, Consolidated Financial Statements" in December 2007. This statement amends ARB No. 51 to establish new standards that will govern the (1) accounting for and reporting of non-controlling interests in partially owned consolidated subsidiaries and (2) the loss of control of subsidiaries. Non-controlling interest will be reported as part of equity in the consolidated financial statements. Losses will be allocated to the non-controlling interest, and, if control is maintained, changes in ownership interests will be treated as equity transactions. Upon a loss of control, any gain or loss on the interest sold will be recognized in earnings. SFAS No. 160 is effective for periods beginning after December 15, 2008. SFAS No. 160 is not expected to have an impact on the Company's results of operations, financial condition or liquidity.

In March 2008 the FASB also issued SFAS No. 161 "Disclosures About Derivatives Instruments and Hedging Activities". This statement requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves the transparency of financial reporting. This statement is effective for financial statements for fiscal years and interim periods beginning after November 15, 2008, with earlier application encouraged. SFAS No. 161 is not expected to have an impact on the Company's results of operations, financial condition or liquidity.

In April 2008, the FASB issued FSP FAS No. 142-3, which amends the factors that must be considered in developing renewal or extension assumptions used to determine the useful life over which to amortize the cost of a recognized intangible asset under FAS No. 142, "Goodwill and Other Intangible Assets." The FSP requires an entity to consider its own assumptions about renewal or extension of the term of the arrangement, consistent with its expected use of the asset, and is an attempt to improve consistency between the useful life of a recognized intangible asset under FAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under FAS No. 141, "Business Combinations." The FSP is effective for fiscal years beginning after December 15, 2008, and the guidance for determining the useful life of a recognized intangible asset must be applied prospectively to intangible assets acquired after the effective date. FAS No. 142-3 is not expected to have an impact on the Company's results of operations, financial condition or liquidity.

In May 2008, the FASB issued Financial Accounting Standard (FAS) No. 162, "The Hierarchy of Generally Accepted Accounting Principles." The statement is intended to improve financial reporting by identifying a consistent hierarchy for selecting accounting principles to be used in preparing financial statements that are prepared in conformance with generally accepted accounting principles. Unlike Statement on Auditing Standards (SAS) No. 69, "The Meaning of Present in Conformity With GAAP," FAS No. 162 is directed to the entity rather than the auditor. The statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board (PCAOB) amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with GAAP," and is not expected to have any impact on the Company's results of operations, financial condition or liquidity.

In May 2008, the FASB issued Financial Accounting Standard (FAS) No. 163, Accounting for Financial Guarantee Insurance Contracts. The new standard clarifies how FASB Statement No. 60, Accounting and Reporting by Insurance Enterprises, applies to financial guarantee insurance contracts issued by insurance enterprises, including the recognition and measurement of premium revenue and claim liabilities. It also requires expanded disclosures about financial guarantee insurance contracts. The Statement is effective for financial statements issued for fiscal years beginning after December 15, 2008, and all interim periods within those fiscal years, except for disclosures about the insurance enterprise’s risk-management activities. Disclosures about the insurance enterprise’s risk-management activities are effective the first period beginning after issuance of the Statement. FAS No. 163 is not expected to have an impact on the Company's results of operations, financial condition or liquidity.

In June 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) Emerging Issues Task Force (EITF) No. 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities." Under the FSP, unvested share-based payment awards that contain rights to receive nonforfeitable dividends (whether paid or unpaid) are participating securities, and should be included in the two-class method of computing EPS. The FSP is effective for fiscal years beginning after December 15, 2008, and interim periods within those years, and is not expected to have a significant, if any, impact on the Company's results of operations, financial condition or liquidity.

The Company does not believe that any other recently issued, but not yet effective, accounting standards will have a material will have an effect on the Company’s consolidated financial position, results of operations or cash flow.

NOTE 3 - COMMON STOCK

During the quarter ended February 28, 2009 the Company issued 3,999,996 shares of its unregistered common stock for $90,000 of debt at an average price of $0.0225 per share.

NOTE 4 – COMMON STOCK OPTIONS

Effective July 1, 2005, we adopted the provisions of Statement of Financials Accounting Standards (“SFAS”) No. 123 (Revised 2004), “*Shared-Based Payments*” (“SFAS No. 123(R)”). Prior to adoption of SFAS No. 123(R), we provided the disclosures required under SFAS No. 123, “*Accounting for Stock-Based Compensation*,” as amended by SFAS No. 148, “*Accounting for Stock-Based Compensation — Transition and Disclosures*.” Under this method, compensation expense was recorded only if the market price of the underlying stock on the date of grant exceeded the exercise price.

Since 1998 the Company has registered 6 stock option plans the most recent being the Intelligent Living Corp 2007 Stock Option Plan. 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.

During the years ended May 31, 2006 through 2008 and the nine months ended February 28, 2009 the Company did not issue any new common stock options. Additionally, no options were exercised, and all options previously granted expired. The following is a summary of the Company’s common stock option plans:

	Number of shares		Weighted Average Exercise Price $/share
Options outstanding and exercisable at May 31, 2006	55,000	$	1.00
Options expired	55,000	$	1.00
Options granted	-		-
Options outstanding and exercisable at May 31, 2007	-	$	-
Options expired	-		-
Options granted	-		-
Options outstanding and exercisable at May 31, 2008	-	$	-
Options expired	-		-
Options granted	-		-
Options outstanding and exercisable at Feb 28, 2009	-	$	-

During the years ended May 31, 2007 and 2008 and the nine months ended February 28, 2009 the Company did not issue any new common stock warrants. Additionally, no warrants were exercised, and all warrants previously granted expired in June 2008. The following is a summary of the Company's common stock warrants:

	Number of shares Outstanding	Weighted average remaining contractual life		Weighted Average Exercise Price $/share
Warrants outstanding and exercisable at May 31, 2006	5,333,333	2	$	0.03
Warrants expired	-			-
Warrants granted	-			-
Warrants outstanding and exercisable at May 31, 2007	5,333,333	1	$	0.03
Warrants expired	-			-
Warrants granted	-			-
Warrants outstanding and exercisable at May 31, 2008	5,333,333	0	$	0.03
Warrants expired	5,333,333			-
Warrants granted	-			-
Warrants outstanding and exercisable at Feb 28, 2009	-			-

NOTE 5 – RELATED PARTIES (NOTES AND DEBENTURES PAYABLE RELATED PARTY)

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. The Letter of Intent provided for the acquisition of all of the assets and ongoing contracts of MCM 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 of MCM. On December 8, 2006 ILC acquired all of the outstanding capital stock of MCM for $280,695, which included 10,000,000 shares of ILC valued at $150,000 and $130,695 in the form of a note payable.

During the year ended May 31, 2007, one of the Company’s officers loaned the Company $210,697 which was uncollateralized, due on demand and did not bear interest. The Company repaid $47,931 to its officer in cash during the year ended May 31, 2007.

During the year ended May 31, 2008, the Company’s officers loaned the Company $58,484 which was uncollateralized and due on demand. The Company repaid $8,041 to its officers in cash and $4,093 of accrued interest in cash during the year ended May 31, 2008. The Company paid $45,000 of accrued interest in restricted common shares to related parties during the year ended May 31, 2008. During the nine months ended February 28, 2009 the Company’s officers loaned the Company $55,838 which is uncollateralized and due on demand, and were repaid $572. $26,773 of accrued interest and $300,000 of principal was re-classified to a $326,773 third party debenture and an existing debenture was combined with accrued interest into a new $273,225 related party convertible debenture maturing on June 1, 2010.

In October 2008 the Company converted $846,658 of related party convertible loans, $273,225 of related party debentures and $144,058 of related party accrued interest into 36,188,275 shares of the Company’s restricted common stock.

Total related party debt [principal plus accrued interest excluding subscription deposits] for the periods ended February 28, 2009 and February 29, 2008 were $279,761 and $1,375,804 respectively. Related party subscription deposits for the periods ended February 28, 2009 and February 29, 2008 were nil and $289,245 respectively.

The following table summarizes the position of notes, debentures and amounts due to related parties at February 28, 2009:

Related Parties		Principal Outstanding on Feb 28, 2009	Interest Accrued to Feb 28, 2009
Non-convertible short-term note		279,761	2,275
Total	$	279,761	2,275

NOTE 6 – NOTES AND DEBENTURES PAYABLE

Short-term Notes

During the twelve months ended May 31, 2007, the Company's officers loaned the Company $210,697 in the form of an unsecured non-interest bearing short-term note to fund continuing operations and to facilitate the acquisition of MCM Integrated Technologies Ltd. (see note 7).

During the twelve months ended May 31, 2008, the Company's officers loaned the Company $58,484 in the form of an unsecured short-term note to fund continuing operations During the nine months ended February 28, 2009, the Company received $55,838 from its officers (see note 5) and $12,702 from a third party in the form of an unsecured short-term note to fund continuing operations. As at February 28, 2009 the following notes were due on demand or within the coming 12 months:

Notes and Debentures		Principal Amount at Feb 28, 2009	Weighted Average Interest Rate		Interest Accrued & Paid for 9 months ended Feb 28, 2009
Related Party short term	$	279,761	8.9%	$	17,601
Third Party short term		100,638	6.5%		33,967
Total	$	380,399	8.2%	$	51,568

Loans and Debentures

In February 2008 the Company negotiated payment of accrued liabilities totaling $460,000 in the form of a debenture bearing an interest rate of 6% maturing on June 1, 2010. On September 5, 2008, this debenture was re-assigned and the terms were re-negotiated. The debenture is convertible into shares of common stock at a conversion price for each share of common stock equal to the lowest closing bid price per share of the common stock for the 20 trading days immediately preceding the date of conversion, all other terms remained the same. The Company determined that there was no beneficial conversion feature associated with this debenture. In October 2008, $40,000 of principal was converted into 2,000,000 shares of the Company's restricted common stock.

On September 5, 2008 the Company negotiated payment of accrued liabilities totaling $200,000 in the form of a short term non-interest bearing note convertible into shares of common stock at a conversion price for each share of common stock equal to the lowest closing bid price per share of the common stock for the 20 trading days immediately preceding the date of conversion. The Company determined that there was no beneficial conversion feature associated with this note. In October 2008 the full value of this note was converted into 7,450,000 shares of the Company's restricted common stock.

In June 2008 the Company negotiated the rollover and re-classification of mature debentures and accrued interest totaling $599,998 into two new debentures: a third party debenture in the amount of $326,773 and a related party debenture in the amount of $273,225. The debentures are due in June 2010 and are convertible into shares of common stock at a conversion price for each share of common stock equal to the lowest closing bid price per share of the common stock for the 20 trading days immediately preceding the date of conversion. The Company determined that there was no beneficial conversion feature associated with these debentures. In October 2008 the related party debenture and accrued interest totaling $282,408 was converted into 7,650,000 shares of the Company's restricted common stock and $40,000 of principal of the third party debenture was converted into 2,000,000 shares of the Company's restricted common stock. In January – February 2009, $90,000 of principal of third party debentures was converted into 3,999,996 of the Company's restricted stock.

Future principal payments on notes and debentures payable in the years ending May 31, 2009 through 2013 are as follows:

Fiscal Year	Principal	Discount applicable to debenture portion of principal	Balance Sheet
2009	$381,461	1,062	$380,399
2010	$706,773		$706,773
2011	$363,480	65,070	$298.410
2012	-		
2013	-		
Total	$1,451,714	66,132	$1,385,582

The following table summarizes the outstanding principal, and accrued interest associated with the $460,000 and 326,773 debentures at February 28, 2009

Note Payable	Due	Conversions to Feb 28, 2009	Balance	Accrued interest
$460,000	FY 2010	40,000	420,000	$29,100
$326,773	FY 2010	40,000	286,773	$13,905

The following table summarizes the outstanding principal, debt discount and accretion of preferred financing fees associated with the $555,000 and $50,000 debentures at February 28, 2009

Note Payable	Due	Conversions to Feb 28, 2009	Balance	Remaining debt discount	Remaining deferred financing	Discounted Value	Accrued interest
$555,000	FY 2011	191,520	363,480	49,811	15,259	298,410	$94,115
$50,000	FY 2009	7,000	43,000	1,062	-	41,938	$12,267

NOTE 7 – DISCONTINUED OPERATIONS

At February 28, 2009, assets and liabilities from discontinued operations consisted of:

Description		February 28, 2009
Inventory net of reserve	$	-
Accounts receivable remaining from discontinued operations		4,011
Total assets net of reserve related to discontinued operations		4,011
Accounts Payable Trade		332,992
Total liabilities related to discontinued operations	$	332,992

At February 28, 2009 the Company believed that the probability of disposing of residual inventory at or above cost and collecting receivables was unlikely as was the timing to achieve liquidation due to uncertainty in consumer demand for the Company's discontinued inventory and the diminished state of the North American home décor market and overall economy. On May 31, 2008 the Company recorded an ongoing reserve against 100 percent of the booked cost of home décor inventory. The above accounts payable are substantially in dispute and the Company believes they will not be paid in full. However, to be conservative the Company has retained these payables at their full value. As the inventory is disposed, receivables collected, and payables reduced the Company will record a gain (loss) in the period of activity.

The loss from discontinued operations, recorded for the nine month period ended February 28, 2009, includes the costs of liquidating inventory, renting temporary warehouse space for remaining home décor inventory and surplus office equipment, legal, professional and staff time related to eliminating and reducing liabilities associated with discontinued operations, accretion of beneficial conversion and financing fee discount and interest charges associated with historical financings related to home décor inventory support.

NOTE 8 - SUBSEQUENT EVENTS

On March 16, 2009 FINRA approved the Company's Form 211 submission and effective March 17, 2009 the Company was reinstated for trading on the NASD OTC Exchange.

NOTE 9 – CHANGES IN PRESENTATION OF COMPARATIVE STATEMENTS

The presentation of certain amounts for previous periods has been reclassified to conform to the presentation adopted for the current period.

NOTE 10 – INVESTMENTS

The Company has recorded an investment in a private company under long term assets. This investment is recorded at cost, was reviewed by the Company's management and found to be un-impaired.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF CONTINUING AND FUTURE PLAN 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.

OVERVIEW

Intelligent Living Corp (“ILC”, the “Company”, “we”, “us”) formerly Elgrande International Inc., through its wholly owned subsidiary MCM Integrated Technologies, Ltd. (“MCM”), specializes in designing, supplying, installing, upgrading and servicing home automation solutions, energy use monitoring and conservation systems and commercial real estate presentation center solutions including: structured wiring, security and access control systems, internet access, lighting, HVAC and environmental controls, energy use monitoring and reduction systems and distributed audio/video systems. The Company offers both wired and wireless technology for single and multi unit new construction and existing buildings, using both traditional component and Windows Media Center/Vista based systems.

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. The Letter of Intent provided for the acquisition of all of the assets and ongoing contracts of MCM 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 of MCM. On December 8, 2006 ILC acquired all of the outstanding capital stock of MCM for $280,695, which included 10,000,000 shares of common stock of ILC valued at $150,000 and $130,695 in the form of a note payable. With this acquisition, ILC became a leading home automation provider in southwestern BC and the greater Phoenix area.

MCM has been supplying custom IT solutions since 1994 and home automation and energy management solutions since 2003. The Company has offices and demonstration suites in Phoenix and Vancouver and is active with single family homes and multi-unit town homes and condominium projects in southwest BC, Calgary Alberta, the greater Phoenix area and Istanbul Turkey.

Following the acquisition of MCM in December 2006, the Company has expanded its service offerings to include home comfort and energy efficiency solutions integrated with and controlled by home automation applications. In response to the downturn in the US housing market the Company has increased its focus on the western Canadian housing market, expanded its marketing and project base into Calgary Alberta and initiated technology cooperation with leading marketing and home security groups in the Republic of Turkey for market development in Turkey and the Middle East.

Prior to the acquisition of MCM the Company was engaged in the import and distribution of home décor products for the North American market. This activity was pursued through its wholly owned subsidiary Cardinal Points Trading Corp. In July 2006, as a result of a breach of the Company's exclusivity agreement with its principal supplier by its principal supplier and other production related issues the board of directors began an evaluation of alternative business models and opportunities. In December 2006 the Company discontinued its activity in the home décor sector and began a process to dispose of assets and obligations related to the home décor import and distribution business. This process continued through the quarter ended February 28, 2009. Liquidation of the Company's home décor inventory has been slower than expected principally as a result of the slowdown of the US economy and competition from suppliers of similar product to the US home décor wholesale market.

Results from ongoing operations reported for the 9 months ended February 28, 2009 and February 29, 2008 relate to sales, marketing and support of home automation and energy efficiency products and services. Results from discontinued operations relate to the Company's phase out activities in the home décor sector and include the costs of liquidating inventory, reducing staff and closing office and warehouse space, renting temporary warehouse space for remaining home décor inventory and office equipment, legal, professional and staff time related to eliminating and reducing liabilities associated with discontinued operations, accretion of beneficial conversion and financing fee discount and interest charges associated with historical financings related to home décor inventory support.

On July 4, 2007 Elgrande International, Inc. merged with its wholly owned subsidiary Intelligent Living Corp. As a result of the merger, the Articles of the surviving entity were amended and the name of the surviving entity became Intelligent Living Corp. On August 28, 2007 the Company filed notice of late filing of the Company's 10KSB annual report and, as a consequence of the NASDAQ OTCBB rules regarding late filing of annual and quarterly reports the Company was delisted to the Pink Quote system. On August 29, 2008 the Company became eligible for relisting NASD Over the Counter Bulletin Board (OTCBB) exchange subject the filing and approval by the Financial Industry Regulatory Authority (FINRA) of a Form 211 submission under SEC Rule 15C2-11.

On February 29, 2008 the Company filed a preliminary Schedule 14C Information Statement outlining proposed amendments to the Company's Articles of Incorporation including a one for five hundred reverse split of the Company's common stock, adjustment of the Company's authorized capital to eight hundred million common shares and five million preferred shares. The proposed amendments were approved by a majority of shareholders on February 29, 2008.

On August 20, 2008 the Company received clearance from the SEC for filing a Definitive Information Statement for proposed amendments to the Company's Articles of Incorporation. On August 22, 2008 the Company received correspondence from the Securities and Exchange Commission (SEC) advising that they had no further comments on the Company's annual report on Form 10-KSB/A for fiscal year ended May 31, 2005 filed July 18, 2005. As at February 28, 2009 there are no outstanding comments on the Company's SEC filings.

On August 25, 2008 the Company filed a Definitive Information Statement on Schedule 14C and on August 26, 2008 provided a copy of the Information Statement to shareholders of record of the Company's common stock, par value $0.001 per share, on the record date as determined by the Company's board of directors to be the close of business on July 10, 2008. On September 29, 2008 the amendments to the Company's Articles of Incorporation as specified in the Information Statement on

Schedule 14C as filed on August 26, 2008 became effective and the Company's trading symbol and CUSIP number were changed to reflect the change in the Company's capital structure.

In late November 2008 the Company completed a draft Form 211 submission and in December 2008 submitted the draft for legal review prior to submission to FINRA. A Form 211 application was filed with FINRA on behalf of the Company in February 2009.

Foreign currency translation
MCM Integrated Technologies, Ltd. and Cardinal Points Trading, Corp. use the Canadian Dollar as their functional currency. Transactions denominated in currencies other than the entity's functional currency are translated into the entity's functional currency at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling on the balance sheet date. Currency translation differences are recognized in the statement of income for the period.

On consolidation, the results of operations and cash flows whose functional currency is other than the US dollar are translated into US dollars at the average exchange rate for the period and their assets and liabilities are translated into US dollars at the exchange rate ruling on the balance sheet date. Currency translation differences are recognized within other comprehensive income as a separate component of shareholders' equity. In the event that such an operation is sold, the cumulative currency translation differences that are attributable to the operation are reclassified to income.

Transactions with related parties
During Q3 2007, the Company purchased MCM Integrated Technologies, Ltd. a company owned by a Director of ILC, Inc. for an aggregate amount of less than $0.3 million. Prior to the acquisition, the board commissioned an independent fairness opinion on the transaction and the transaction was authorized by the board of directors, with the director involved in the transaction abstaining from voting on the approval resolution. It is believed that these transactions represent fair value for the assets and liabilities purchased.

RESULTS OF OPERATIONS – for the nine months ended February 28, 2009 and February 29, 2008

For the 9 months ended February 28, 2009, revenues from continuing operations were $149,560 compared to $227,219 in the same period ending last year. These revenues are a result of the sale of smart home products and services offered through the Company's subsidiary MCM.

For the 9 months ended February 28, 2009, gross profit was $81,422 compared to $102,003 in the same period in the prior year. Gross margin (gross profit as a percent of revenue) was 54%, compared to 45% for the same period in the prior year.

Operating expenses for the 9 months ending February 28, 2009 were $139,416 versus $157,684 for the same period in the prior year.

The Company recorded an operating loss from continuing operations of ($57,994) for the period ending February 28, 2009 compared to a loss on operations of ($55,681) for the same period in the prior year.

Total other expenses for the nine month period ending February 28, 2009 were $15,326. Total other expenses were $26,861 for the comparable period in the prior year. The net loss from continuing operations for the six month period ending February 28, 2009 was ($73,320) compared to a net loss of ($82,541) in the comparable period in the prior year.

During the 9 months ended February 28, 2009 the Company incurred expenses associated with its discontinued wholesale business. The net loss from discontinued operations was ($197,341) compared to a net loss of ($403,519) for the comparable period in the prior year.

The total net loss for the 9 months ended February 28, 2009 was ($270,661) compared to a total net loss of ($486,060) for the corresponding period in the prior year. The total net loss decreased 44% compared to the corresponding period in the prior year. A gain of $42,489 was realized as a result of foreign currency translation and the resulting comprehensive loss the period ending February 28, 2009 was $(228,172). For the comparable period in the prior year the Company recorded a net loss of ($24,648) as a result of foreign currency translation and a comprehensive loss of ($510,708). The comprehensive loss decreased 55% compared to the corresponding period in the prior year.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As of February 28, 2009, our principal sources of liquidity included cash and cash equivalents, and operating cash flow from our operating subsidiaries, and loans from related parties. At February 28, 2009, cash and cash equivalents totaled $11,202 compared to $10,357 at February 29, 2008.

Our business is in transition and our liquidity must be considered in light of the risks, expenses and difficulties frequently encountered by companies in this stage of development. The decisions to discontinue operations in the wholesale home décor sector and acquire the assets and ongoing business of ILC have directly impacted year to date sales and liquidity. Risk factors relevant to these events and decisions include, but are not limited to: the Company’s ability to secure ongoing product supply at market competitive prices, foreign exchange fluctuations, continued acceptance of the Company’s products and services, changes in technology and consumer adoption of technology, access to skilled labor, the strength of the real estate market, and the strength of the consumer economy and overall economy, 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 completes its re-organization 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 have a beneficial effect on liquidity.

Investing Activities

Investing activities for the period from inception through February 28, 2009 consisted primarily of the purchase of inventory, property and equipment and soft costs associated with the development of our areas of business 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 have raised approximately $12.6 million from the sale of common stock and have borrowed approximately $1.45 million from investors and shareholders. As at February 28, 2009, $1,385,582 was recorded on the Company’s balance sheet as debt principal net of debt discounts. Funds from these sources were used as working capital to fund the development of the Company.

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 five 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. In May 2006 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.

In February 2008 the Company negotiated payment of accrued liabilities totaling $460,000 in the form of a debenture bearing an interest rate of 6% maturing on June 1, 2010.

In June 2008 the Company negotiated the rollover, reduction of accrued liabilities and re-classification of mature debentures $599,998 into two new debentures: a third party debenture in the amount of $326,773 and a related party debenture in the amount of $273,225. In September 2008 the February 2008 debenture was re-assigned and re-negotiated. All of these debentures are due in June 2010 and are convertible into shares of common stock at a conversion price for each share of common stock equal to the lowest closing bid price per share of the common stock for the 20 trading days immediately preceding the date of conversion. In September 2008 the Company negotiated the payment of accrued liabilities totaling $200,000 in the form of a short term convertible non-interest bearing note. For the period ended February 28, 2009 the Company negotiated short term loans totaling $51,659. These loans are due on demand

FUTURE PLAN OF OPERATIONS

On December 8, 2006 the Company acquired all of the outstanding capital stock of, and entered into an Agreement and Plan of Reorganization with MCM Integrated Technologies, Ltd. (“MCM”). At the time of the acquisition MCM had ongoing projects, prospects and outstanding proposals for work in the greater Phoenix area, the Okanagan area of south central British Columbia and the greater Vancouver area. As of December 8, 2006, the Company reorganized and focused primarily in the areas of smart home technology.

Following the acquisition of MCM in December 2006, the Company has expanded its service offerings to include home comfort and energy efficiency solutions integrated with and controlled by home automation applications. In response to the downturn in the US housing market the Company has increased its focus on the western Canadian consumer, new construction and renovation markets, expanded its marketing into Calgary Alberta and initiated technology cooperation with leading marketing and home security groups in the Republic of Turkey for market development in Turkey and the Middle East. The Board of Directors has plans for expanding the Company’s operations through further market and service expansions and acquisitions.

On December 8, 2006 the Company discontinued its activity in the home décor sector and began a process to liquidate its residual inventory of home décor products and to fully wind down its home décor business. This process continued through the quarter ending February 28, 2009.

Cash flows from ongoing MCM business are estimated to be sufficient to sustain the current level of operations through the fourth quarter of FY 2009.

OFF BALANCE-SHEET ARRANGEMENTS

During the year ended May 31, 2008, and the nine months ended February 28, 2009, the Company did not engage in any off-balance sheet arrangements as defined in Item 303(c) of the SEC's Regulation S-B.

SUBSEQUENT EVENTS

On March 16, 2009 FINRA approved the Company's Form 211 submission and effective March 17, 2009 the Company was reinstated for trading on the NASD OTC Exchange.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our bank credit facility because borrowings under the facility are variable rate borrowings. At the current time all of the borrowings under our credit agreements accrue interest at the Prime Rate plus the applicable margin. Assuming that the balance on our line of credit as of February 28, 2009, was the same throughout the entire year, each 1.0% increase in the prime interest rate on our variable rate borrowings would result in an increase in annual interest expense and a decrease in our cash flows and income before taxes of approximately $353 per year.

Foreign Currency Exchange Risks

Our home automation subsidiary (MCM) and discontinued home décor subsidiary (Cardinal Points) have operations in Canada, both have assets and liabilities in Canadian dollars and both use the Canadian Dollar as a functional currency. Each financial period, all assets, including goodwill, and liabilities of MCM and Cardinal Points are translated into U.S. Dollars, our reporting currency, using the closing rate method. In addition, we routinely purchase goods in Canadian dollars for resale in US dollars and goods in US dollars for resale in Canadian dollars. Recently, we have purchased goods in both US dollars and Canadian dollars for resale in Euros.

There are principally two types of foreign exchange risk: transaction risks and translation risks. Transaction risks may impact the results of operations and translation risks may impact comprehensive income. These are discussed more fully below.

Transaction risks

Transactions in currencies other than the functional currency are translated at either an average exchange rate used for the reporting period in which the transaction took place (to approximate to the exchange rate at the date of transactions for that period) or in some cases the rate in effect at the date of the transaction. Differences in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is settled or translated, are recognized in the consolidated statements of operations as foreign exchange transaction gains and losses.

MCM's and Cardinal Points' cash balances consist of Canadian Dollars and U.S. Dollars. This exposes us to foreign currency exchange rate risk in the Statement of Operations. The change in exposure from period to period is related to the change in the balance of the bank accounts based on timing of event receipts and payments. For the period ended February 28, 2009, MCM purchased approximately $18,000 of goods valued in US dollars for sales in Canadian dollars. During this period a 10% increase or decrease in the level of the U.S. Dollar exchange rate against the Canadian Dollar with all other variables held constant would result in a realized gain or loss of approximately $1,844.

Translation risks

The financial statements of MCM and Cardinal Points, with a functional currency of Canadian dollars, are translated into U.S. dollars using the current rate method. Accordingly, assets and liabilities are translated at period-end exchange rates while revenue, expenses and cash flows are translated at reporting period weighted average exchange rates. Adjustments resulting from these translations are accumulated and reported as the principal component of other comprehensive loss in stockholders' equity. The magnitude of the adjustment resulting from application of the current rate method is directly related to the difference between the average exchange rate and closing exchange rate for the period.

The fluctuation in the exchange rates resulted in foreign currency translation gains reflected in comprehensive gain in stockholders' equity of $42,489 at February 28, 2009. Future changes in the value of the U.S. dollar to Canadian dollar could have a material impact on our financial position.

ITEM 4T. CONTROLS AND PROCEDURES.

The Company's Chief Executive Officer and Principal Financial Officer is primarily responsible for the accuracy of the financial information that is presented in this quarterly Report. This officer has as of the close of the period covered by this Quarterly Report, evaluated the Company's disclosure controls and procedures (as defined in Rules 13a-4c and 15d-14c promulgated under the Securities Exchange Act of 1934) and determined that such controls and procedures were effective in ensuring that material information relating to the Company was made known to him during the period covered by this Quarterly Report. In his evaluation, no changes were made to the Company's internal controls in this period that have materially affected, or are reasonably likely materially to affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION.

ITEM 1. LEGAL PROCEEDINGS

We are not currently involved in any litigation, nor do we know of any threatened litigation against us that would have a material effect on our financial condition.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the period ended February 28, 2009 the Company issued 47,638,271 shares of its unregistered common stock for $1,633,941 of debt at an average price of $0.034 per share.

Date	Title and Shares of Common Stock	Purchasers	Principal Underwriter	Total Offering Price/Underwriting Discounts
October 14, 2008	7,650,000	Related Parties	NA	Convertible Debenture principal and accrued interest conversions valued at $282,408
October 14, 2008	24,538,275	Related Parties	NA	Convertible notes, subscription deposits and accrued interest valued at $981,533
October 16, 2008	4,000,000	Private Investors	NA	Convertible Debenture conversions valued at $80,000
October 16 – November 30, 2008	7,450,000	Private Investors	NA	Convertible note conversions valued at $200,000
January 12 – February 18, 2009	3,999,996	Private Investors	NA	Convertible Debenture conversions valued at $90,000

The Company believes the above issuances of Common Stock were exempt from registration under the Securities Act of 1933, as amended, under section 4(1) thereof, as transactions not involving any public offering.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS.

No.	Description
31	Certification of Michael F. 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.

INTELLIGENT LIVING CORP.

By: /s/ Michael F. Holloran

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

Dated: April 14, 2009