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 November 30, 2010

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 registrant 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
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 November 30, 2010, the registrant had outstanding 94,080,917 shares of its $.001 par value Common Stock.

Transitional Small Business Disclosure Format: Yes ☐ No ☒

INTELLIGENT LIVING CORP.

FORM 10Q

For the Quarterly period ended November 30, 2010

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PART I. FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

INTELLIGENT LIVING CORP.
CONSOLIDATED BALANCE SHEETS

	November, 30 2010	May, 31 2010
	(unaudited)	
CURRENT ASSETS		
Cash	$ 3,184	$ 3,931
Accounts Receivable	92,775	14,673
Prepaid expenses	3,463	3,921
Inventory	56,818	64,486
GST/PST tax refundable (payable)	530	196
TOTAL CURRENT ASSETS	**$ 156,770**	**$ 87,207**
PROPERTY & EQUIPMENT, NET	**29,528**	**39,463**
OTHER ASSETS		
Deposits	-	849
Goodwill MCM	242,742	242,048
Other assets	14,948	14,469
TOTAL OTHER ASSETS	**257,690**	**257,366**
TOTAL ASSETS	**$ 443,988**	**$ 384,036**
LIABILITIES AND STOCKHOLDERS' (DEFICIT)		
CURRENT LIABILITIES		
Line of Credit	53,501	45,268
Accounts payable	93,739	96,298
Accrued liabilities	193,186	8,582
Accrued interest	204,964	257,582
Short Term Note	795,872	960,267
Short Term Note - Related Party	417,773	375,769
TOTAL CURRENT LIABILITIES	**$ 1,759,035**	**$ 1,743,766**
COMMITMENTS & CONTINGENCIES	**-**	**-**
STOCKHOLDERS' (DEFICIT)		
Common stock, 800,000,000 shares authorized, $0.001 par value; 94,080,917 and 61,580,917 issued and outstanding respectively	94,080	61,580
Additional paid in capital	12,983,611	12,755,111
Accumulated deficit	(14,303,112)	(14,113,322)
Accumulated other comprehensive (loss)	(89,626)	(63,099)
TOTAL STOCKHOLDERS' (DEFICIT)	**$ (1,315,047)**	**$ (1,359,730)**
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	**$ 443,988**	**$ 384,036**

See accompanying condensed notes to the interim consolidated financial statements

INTELLIGENT LIVING CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	For the 3 Months Ended November 30,		For the 6 Months Ended November 30,	
	2010	**2009**	**2010**	**2009**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUES				
Intelligent Home: Equipment & Services	$ 110,023	94,232	$ 218,497	139,908
COST OF REVENUES				
Intelligent Home: Equipment & Services	38,244	37,854	80,706	53,145
GROSS PROFIT	71,779	56,378	137,791	86,762
EXPENSES				
Selling expense	-	161	34	1,225
Salaries	12,545	14,536	25,006	35,837
Depreciation	8,319	7,410	15,913	14,514
Office & Admin	25,355	21,773	48,665	50,742
TOTAL OPERATING EXPENSES	46,219	43,881	89,618	102,318
INCOME (LOSS) FROM OPERATIONS	25,560	12,498	48,173	(15,556)
OTHER INCOME (EXPENSE)				
Other income	367	-	17,419	-
Accretion Beneficial Conversion and Fee Discount	(6,973)	(9,032)	(13,945)	(19,121)
Interest expense	(20,014)	(21,785)	(40,402)	(44,851)
Tax expense	(110,000)	-	(110,000)	-
TOTAL OTHER INCOME (EXPENSE)	(136,620)	(30,817)	(146,928)	(63,972)
INCOME (LOSS) FROM CONTINUING OPERATIONS	$ (111,060)	(18,319)	$ (98,755)	(79,528)
(LOSS) FROM DISCONTINUED OPERATIONS	(76,322)	(7,058)	(91,035)	(15,869)
NET (LOSS) BEFORE INCOME TAX	(187,382)	(25,377)	(189,790)	(95,397)
Income Tax Expense	-	-	-	-
NET (LOSS)	**(187,382)**	**(25,377)**	**(189,790)**	**(95,397)**
EARNINGS PER SHARE BASIC AND DILUTED				
Gain (Loss) income per share from continuing operations	(0.00)	(0.00)	(0.00)	(0.00)
(Loss) per share from discontinued operations	(0.00)	(0.00)	(0.00)	(0.00)
Net (Loss) per share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common stock shares outstanding, basic and diluted	83,531,466	55,781,168	73,356,873	53,902,601
OTHER COMPREHENSIVE (LOSS)				
Foreign currency translation (loss)	(23,940)	(15,507)	(26,527)	(18,094)
COMPREHENSIVE (LOSS)	$ **(211,322)**	**(40,884)**	$ **(216,317)**	**(113,491)**

See accompanying condensed notes to the interim consolidated financial statements

INTELLIGENT LIVING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOW

	Six Months Ended November 30	
	2010	2009
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (189,790)	$ (95,397)
Adjustments to reconcile net loss		
to net cash used by operating activities:		
Amortization of debt discount	13,945	19,121
Depreciation / Amortization	22,592	25,210
Change in:		
Accounts receivable	(78,102)	(723)
Prepaid expenses	458	242
Inventory	7,668	1,266
Accrued liabilities and interest	213,986	38,133
Accounts payable	(2,559)	(10,058)
GST tax refundable	(334)	(164)
Bank overdraft		(1,351)
Net cash used in operating activities	(12,136)	(23,721)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(12,502)	
Deposits	849	-
Net cash used in investing activities	(11,653)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bank Line of Credit	8,233	-
Proceeds of loans	-	35,000
Proceeds from loans, related party	43,520	12,138
Repayment of loans, related party	(1,516)	-
Net cash provided by financing activities	50,237	47,138
Net increase (decrease) in cash	26,448	23,417
Effect of foreign exchange on cash	(27,195)	(18,094)
Cash, beginning of period	3,931	3,022
Cash, end of period	$ **3,184**	$ **8,345**
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest and income taxes:		
Interest	$ 12,504	$ 11,033
Income taxes	$ -	$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Common stock issued for debt and interest	$ 261,000	$ 112,000

See accompanying condensed notes to the interim consolidated financial statements

NOTE 1 – BASIS OF PRESENTATION

Intelligent Living Corp ("ILC", the "Company", "we", "us") was incorporated in the State of Nevada in 1998. Through its wholly owned subsidiary MCM Integrated Technologies, Ltd. ("MCM") the Company specializes in designing, supplying, installing, upgrading and servicing home automation solutions, energy use monitoring and conservation systems including: structured wiring, security and access control systems, 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 7 Media Center based systems. Income is derived from both equipment sales and the provision of installation, repair and maintenance services. Customers include technology consumers, residential home owners, developers and builders of single family and multi-unit developments and commercial businesses.

The Company previously 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. Liquidation of the Company's home décor inventory has been slower than expected principally as a result of the slowdown of the US economy, dating of the Company's home décor inventory and competition from suppliers of similar product to the home décor wholesale market.

Results from ongoing operations reported for the periods ending November 30, 2010 and 2009 relate to sales of home automation and energy efficiency products and services including system design, equipment supply, installation and support. Results from discontinued operations relate to the Company's phase out activities in the home décor sector and include the costs of liquidating inventory, renting warehouse space for surplus office equipment and furniture, depreciation, legal and professional consulting time related to eliminating and reducing liabilities associated with discontinued operations and pursuing legal recourse against the Company's home décor supplier.

The Company's year-end is May 31.

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, 2010. 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 presentation of certain amounts for previous periods has been reclassified to conform to the presentation adopted for the current period.

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company's financial statements;

accordingly, it is possible that the actual results could differ from these estimates and assumptions that could have a material effect on the reported amounts of the Company's financial position and results of operations.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has suffered material recurring losses from operations since inception. At November 30, 2010, the Company had a working capital deficit of approximately $1,602,265, an accumulated deficit of approximately $14,303,112 and historically has reported 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Intelligent Living Corp. is presented to assist in understanding the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Earnings per Share
The Company has adopted ASC 260 “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.

Fair Value of Financial Instruments

On July 1, 2008, the Company adopted Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures (“Topic 820”). Topic 820 defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
-
- Level 3 inputs to valuation methodology are unobservable and significant to the fair measurement.

The fair value of the Company's cash and cash equivalents, accrued liabilities and payables, and loans payable approximate their carrying value because of the short-term nature of these items.

Recent Accounting Pronouncements
There have been no recently issued accounting pronouncements since the filing of the Company’s Form 10K on September 14, 2010 that are expected to have a material impact on the Company’s financial position, results of operations, or cash flows.

NOTE 3 - COMMON STOCK

During the six months ended November 30, 2010 the Company issued 32,500,000 shares of its unregistered common stock for $261,000 of debt at an average price rounded to the nearest cent of $0.01 per share.

NOTE 4 – RELATED PARTIES

The Company had short-term loans outstanding to corporate officers at May 31, 2010 in the amount of $375,769. They are unsecured, due on demand and bear interest at an average rate of 7.1%. Accrued interest to May 31, 2010 was $4,750.

During the six months ended November 30, 2010 the Company's officers loaned the Company $43,520, which was uncollateralized and due on demand. The Company repaid the Company's officers $1,516 of principal and $12,504 of interest in cash. Total outstanding related party debt [principal plus accrued interest] for the period ended November 30, 2010 and May 31, 2010 was respectively $424,007 and $380,519.

The following table summarizes the position of notes, and amounts due to related parties at November 30, 2010:

Related Parties		Principal Outstanding on Nov 30, 2010	Interest Accrued to Nov 30, 2010
Non-convertible short-term notes	$	417,773	6,234
Total	$	417,773	6,234

The Company shares office space and administrative costs in Vancouver with ScanTech Imaging Corp. ("ScanTech"), a company controlled by Murat Erbatur the Company's COO. The Company provides technical consulting services to ScanTech and Scan Tech's clients on an as needed basis. For the period ended November 30, 2010 the total value of services provided was $66,654. At November 30, 2010 $70,204 was receivable from ScanTech.

NOTE 5 – THIRD PARTY NOTES AND DEBENTURES PAYABLE

During the six months ended November 30, 2010 the Company converted $35,000 of third party note principal into 6,500,000 shares of common stock. The total third party note principal outstanding on November 30, 2010 was $27,619.

The Company also has outstanding convertible debentures. During the six months ended November 30, 2010 the Company converted $144,000 of third party debenture principal and $82,000 of third party debenture interest into 26,000,000 shares of common stock.

The following table summarizes the outstanding principal and discounts associated with debentures and principal amounts of notes outstanding at November 30, 2010.

Debentures			Notes	Total
Principal at end of period	Remaining Discounts	Balance Sheet Amount net of discounts	Principal at end of period	End of Period Balance Sheet Amount
$768,253	nil	$768,253	$27,619	$795,872

The principal and accrued interest on notes and debentures as at November 30, 2010 are summarized in the following table:

Notes and Debentures		Principal Amount at Nov 30, 2010	Weighted Average Interest Rate		Accrued Interest to Nov 30, 2010
Third Party Notes	$	27,619	nil	$	nil
Third Party Debentures		768,253	7.2%		198,730
Total	$	795,872	6.3%	$	198,730

Principal payments on notes and debentures payable in the years ending May 31, 2011 through 2015 are as follows:

Fiscal Year	Principal	Discount as applicable to debenture portion of principal	Balance Sheet
2011	$795,872	-	$795,872
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
Total	$795,872	-	$795,872

NOTE 6 – DISCONTINUED OPERATIONS

At November 30, 2010 the Company continued to retain a reserve against the full recorded cost of discontinued operations inventory. The value of the reserve on November 30, 2010 was $103,284. The Company believes that limited recovery will be realized from the disposal of discontinued inventory. The Company is finalizing the disposal of all remaining discontinued operations.

The loss from discontinued operations, recorded for the quarter ended November 30, 2010, include the costs of liquidating inventory, renting temporary storage space for office furniture and equipment, legal, and professional time associated with recovery of costs associated with discontinued operations and depreciation of assets associated with discontinued operations.

At November 30, 2010, assets net of the inventory reserve and liabilities from discontinued operations were de minimis.

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 annual 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") was incorporated in the State of Nevada in 1998. Through its wholly owned subsidiary MCM Integrated Technologies, Ltd. ("MCM") the Company specializes in designing, supplying, installing, upgrading and servicing home automation solutions, energy use monitoring and conservation systems including: structured wiring, security and access control systems, 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 7 Media Center based systems. Income is derived from both equipment sales and the provision of installation, repair and maintenance services. Customers include technology consumers, residential home owners, developers and builders of single family and multi-unit developments and commercial businesses.

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

The Company previously 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 year ended May 31, 2010. Liquidation of the Company's home décor inventory has been slower than expected principally as a result of the slowdown of the US economy, dating of the Company's home décor inventory and competition from suppliers of similar product to the home décor wholesale market.

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 severe downturn in the US housing market the Company has increased its focus on the western Canadian housing market by expanding its marketing and project base, and has initiated technology cooperation on a best efforts basis with Kilia Teknologi, a leading security and surveillance group in the Republic of Turkey for market development in Turkey and the Middle East.

Results from ongoing operations reported for the 6 months ended November 30, 2010 and 2009 relate to sales of home automation and energy efficiency products and services including system design, equipment supply, installation and support. Results from discontinued operations relate to the Company's phase out activities in the home décor sector and include the costs of liquidating inventory, renting temporary warehouse space for equipment and furniture, legal and professional time associated with discontinued operations.

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. 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.

During the six month period ended November 30, 2010, the closing US dollar to Canadian Dollar exchange rate has varied from a low of 0.9404 on July 6, 2009 to a high of 1.0004 on November 7 and 8, 2010.

Transactions with related parties

Our By-Laws include a provision regarding related party transactions which requires that each participant to such transaction identify all direct and indirect interests to be derived as a result of the Company's entering into the related transaction. A majority of the disinterested members of the board of directors must approve any related party transaction.

Except for the transactions described in Note 4 to the Condensed Consolidated Financial Statements above, none of our directors, senior officers or principal shareholders, nor any associate or affiliate of the foregoing have any interest, direct or indirect, in any transaction, since the beginning of the fiscal year ended May 31, 2010, or in any proposed transactions, in which such person had or is to have a direct or indirect material interest.

RESULTS OF OPERATIONS – for the six months and three months ended November 30, 2010 and November 30, 2009

For the 6 months ended November 30, 2010, revenues from continuing operations were $218,497 compared to $139,908 in the same period ending in the prior year, an increase of 58%. For the corresponding 2010 and 2009 three month periods ended November 30 revenue was $110,023 and $94,232, an increase of 17%. These revenues are a result of the sale of smart home products and services.

For the 6 months ended November 30, 2010, gross profit was $137,791 compared to $86,762 in the same period in the prior year, an increase of 59%. For the corresponding 2010 and 2009 three month periods ended November 30 gross profit was $71,779 and $56,378, an increase of 59%.

The increase in revenue and gross profit is directly related to the improving home construction market in western Canada and the Greater Vancouver area in particular. Gross margin (gross profit as a percent of revenue) was 63%, compared to 62% for the six month period and 65% compared to 60% for the three month period in the prior year. The increase in Gross Margin reflects improved supplier pricing.

Operating expenses for the six months ended November 30, 2010 were $89,703 versus $102,318 for the same period in the prior year and $46,219 versus $43,881 for the three month periods ended November 30, 2010 and 2009. The year to date decrease in operating expenses reflect improved efficiency made possible by the increase in activity.

The Company recorded operating income from continuing operations of $48,173 for the six month period ending November 30, 2010 compared to a loss on operations of ($15,556) for the same period in the prior year, an increase of $63,729. The Company recorded an operating profit from continuing operations of $25,560 for the three month period ending November 30, 2010 compared to an operating profit of $12,497 for the same period in the prior year, an increase of 105%.

Total other expenses for the six month period ending November 30, 2010 were $146,928 compared to $63,972 for the comparable period in the prior year, an increase of 130%. The increase is due to a onetime accrual of $110,000 for potential federal tax penalties associated with the late filing of Form 5471 disclosures associated with the Company's Canadian subsidiaries. As a result of the tax penalty accrual the Company recognized a net loss from continuing operations of ($98,755) for the six month period ending November 30, 2010 compared to a net loss of ($79,528) for the comparable period in the prior year. Total other expenses for the three month period ending November 30, 2010 were $136,620. Total other expenses were $30,817 for the comparable period in the prior year. The increase was almost entirely a result of the accrual for potential tax form late filing penalties. The Company recorded a net loss of ($111,060) from continuing operations for the three month period ending November 30, 2010 compared to a net loss of ($18,319) for the comparable period in the prior year.

During the six and three months ended November 30, 2010 the Company incurred expenses associated with its discontinued wholesale business. The net loss from discontinued operations was ($91,035) compared to a net loss of ($15,869) for the six month period and ($76,322) versus ($7,058) for the three month period in the prior year. The increased net loss was due to an accrual of liability for professional fees related to the Company's efforts to recover losses from the Company's principal home decor supplier.

The total net loss for the six months ended November 30, 2010 was ($189,790) compared to a total net loss of ($95,397) for the corresponding period in the prior year. A loss of ($26,527) was realized as a result of foreign currency translation and the resulting comprehensive loss the period ending November 30, 2010 was $(216,317) compared to a loss of (18,094) as a result of foreign currency translation and a comprehensive loss of ($113,491) for the corresponding period in the prior year.

For the three months ended November 30, 2010 the total net loss was ($187,382) compared to ($25,377) for the corresponding period in the prior year. The three month loss on foreign currency translation for the three month period ended November 30, 2010 was ($23,940) compared to a loss of ($15,507) for the same period in the prior year. The comprehensive loss for the three months ended November 30, 2010 was ($211,322) versus ($40,884) for the corresponding period in the prior year. The Company's improved operating performance was offset by the onetime accrual of an allowance for potential tax filing penalties and professional fees associated with the Company's initiative to recover discontinued operations losses from its former wholesale supplier.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As of November 30, 2010, our principal sources of liquidity included cash and cash equivalents, cash flow from our operating subsidiary, and shareholder and related party loans. At November 30, 2010, cash and cash equivalents totaled $3,184 compared to $3,931 at May 31, 2010. Our liquidity must be considered in light of the risks, expenses and difficulties frequently encountered by companies in our stage of re-development.

The Company operates in both the U.S. and Canadian markets. The impact on the Canadian market as a result of the U.S. led downturn in the global economy was delayed and did not appear in strength until the beginning of calendar year 2008. While the U.S. and Canadian economies remain impaired compared to their pre summer 1998 levels, the Canadian economy has shown signs of recovery over the past quarter, while the US economy remains stagnant despite massive stimulus spending by the US federal government.

Risk factors relevant to these events and management decisions include, but are not limited to: the Company's ability to secure ongoing product supply, foreign exchange fluctuations, continued acceptance of the Company's products and services, changes in technology and consumer adoption of technology, the strength of the North American housing market, the Company's local market in particular, and consumer economy in general. These risks and factors cannot be credibly quantified by the Company at this time.

Internal and External Sources of Capital

For the 6 month period ending November 30, 2010 the Company realized a loss on operations of $98,755 and a net loss of ($189,790). As of November 30, 2010 the Company had a working capital deficit of $1,602,265 and 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 develops positive net cash flow to maintain liquidity. Until such time as we have positive cash flow on a sustained 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.

Investing Activities

The Company purchased a support vehicle at the conclusion of the vehicle's three year lease for the value of the lease residual, $12,502.

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 $13.0 million from the sale of common stock and as at November 30, 2010 we have borrowings of approximately $1.21 million from investors and shareholders. Funds from these sources were used as working capital to fund the development of the Company.

In the quarter closing November 30, 2010 the Company negotiated short term loans from related parties totaling $43,520 and increased the Company's bank line of credit by $8,233. These loans are interest bearing and due on demand.

FUTURE PLAN OF OPERATIONS

In response to the 2008 downturn in the U.S. housing market the Company increased its focus on the western Canadian housing market by expanding its marketing and project base and initiated technology cooperation on a best efforts basis with a leading security surveillance group in the Republic of Turkey for market development in Turkey and the middle East. This effort continued through the quarter ended November 30, 2010.

The western Canadian housing market and, in particular, the southwestern British Columbia housing market were significantly less impacted by the 2008 downturn than the U.S. market and are showing strong signs of growth.

Statistics Canada recorded the issuance of $1.5 billion in national building permits for August 2010, up 13% over the prior month and the greatest one month issuance since pre-recession 2008. Home builders in British Columbia were issued $620 million in permit value in August 2010, a 73% increase over August 2009. Metro Vancouver, BC issued $548 million in building permits in August 2010, up 10% over the prior month and 42% over the same month in the prior year. In November 2010 Canada Mortgage and Housing Corporation (CMHC) forecast a 2011 migration/immigration flow into Metro Vancouver of 16,000 to 18,000 households. Their November 2010 data show an 84% increase in housing starts January through November 2010 compared to the same period in 2009. CMHC is forecasting 26,000 new starts for 2011, slightly below their 10 year average, based on favorable mortgage rates, accelerating job growth and strong migration flows. In October 2010 Statistics Canada reported continuing price appreciation in the Greater Vancouver area. Royal LePage Canada forecast average residential sale price will reach a record high for the Greater Vancouver area by calendar year end. The opportunity for the Company's products and services within the Greater Vancouver housing market has significantly increased over the past 12 months.

The Company is actively evaluating opportunities to expand its business activities in the Greater Vancouver market through both vertical expansion within the Company's current green building, home automation and energy conservation sectors and horizontally within related sectors including housing construction and power generation. The Company is currently evaluating options for expanding through acquisition and joint ventures.

The Company has signed a non-binding Letter of Intent with Smallworks Studios & Laneway Housing, Inc. (Smallworks) to jointly pursue the growing small home market in British Columbia. Several municipalities in the Greater Vancouver area have amended, or are in the process of amending, By-laws to allow small footprint infill housing on certain types of existing single family residential properties. The "Laneway" housing initiative is designed to densify the urban environment with affordable, green, energy efficient infill housing. The program is gaining momentum across Greater Vancouver with the opportunity for over 90,000 units of new residential infill construction within existing zoning in those municipalities where By-law adjustments have been approved. Smallworks has been constructing innovative, low impact, green built, energy efficient, modular construction carriage, loft and bungalow laneway homes for over 5 years.

The Company is also collaborating with Smallworks to explore supplying First Nations housing and establishing a First Nations partnership for exporting small home technology.

Cash flow from current ongoing activities combined with loans from related parties are estimated to be sufficient to sustain the current level of operations and planned activities through to the end of the current fiscal year.

OFF BALANCE-SHEET ARRANGEMENTS

During year ended May 31, 2010, and the six months ended November 30, 2010, the Company did not engage in any off-balance sheet arrangements.

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 variable interest loans as of November 30, 2010, was the same throughout the entire quarter, 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 $4,178 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.

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 November 30, 2010, MCM purchased approximately $10,000 of goods valued in US dollars for sale in Canadian dollars. For the 6 month period ended November 30, 2010, a 10% increase or decrease in the average level of the U.S. Dollar exchange rate against the Canadian Dollar with all other variables held constant would result in a realized foreign exchange gain or loss of approximately $1,041.

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 fluctuation in the exchange rates resulted in foreign currency translation gains reflected in comprehensive loss in stockholders' equity of ($26,527) at November 30, 2010. 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

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this quarterly report on Form 10-Q, an evaluation was carried out by our management, with the participation of the Chief Executive, Principal Financial and Accounting Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act") as of November 30, 2010. Based on that evaluation the Chief Executive, Principal Financial and Accounting Officer has concluded that as of the end of the period covered by this report, the Company's disclosure controls and procedures were not effective for the reasons stated below.

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. To address the material weaknesses, we performed additional analysis and other post-closing procedures in an effort to ensure our consolidated financial statements included in this report have been prepared in accordance with generally accepted accounting principles. Accordingly, management believes that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

Changes in Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13(a)-15(f) or 15(d)-15(f)) that occurred during the period covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Internal Controls

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

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 November 30, 2010 the Company converted $261,000 of debt to 32,500,000 shares of its unregistered common stock at an average price rounded to the nearest cent of approximately $0.01 per share.

The Company offered and sold the securities in reliance on an exemption from federal registration under Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 promulgated thereunder, or alternatively, under Regulation S promulgated under the Securities Act .

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 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 and Accounting Officer

Dated: January 19, 2011

EXHIBIT 31

CERTIFICATION

I, Michael F. Holloran, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Intelligent Living Corp., (the "registrant");

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 registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls 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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATED: January 19, 2011

/s/ Michael F. Holloran

Michael F. Holloran,
Chief Executive Officer and
Principal Financial and Accounting 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 Intelligent Living Corp. (the "Company") on Form 10-Q for the period ended November 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael F. Holloran, Chief Executive Officer and Principal Financial and Accounting 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.

DATED: January 19, 2011

/s/ Michael F. Holloran

Michael F. Holloran;
Chief Executive Officer and
Principal Financial and Accounting Officer