

Charmed Homes Inc.
Form 10-K
April 30, 2009

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended January 31, 2009

Commission file number 000-53285

CHARMED HOMES INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

60 Mt Kidd Point SE
Calgary, Alberta
Canada T2Z 3C5
(Address of principal executive offices, including zip code.)

(403) 831-2202
(Registrant's telephone number, including area code)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act:
Yes No

Indicate by check mark whether the registrant(1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 day. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large Accelerated Filer	Accelerated Filer	<input type="radio"/>
Non-accelerated Filer <input type="radio"/>	Smaller Reporting Company	<input checked="" type="radio"/>

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of January 31, 2009: \$0.00

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SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Except for statements of historical fact, certain information contained herein constitutes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements are usually identified by our use of certain terminology, including “will”, “believes”, “may”, “expects”, “should”, “seeks”, “anticipates” or “intends” or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements. Such factors include, among others, our history of operating losses and uncertainty of future profitability; our lack of working capital and uncertainty regarding our ability to continue as a going concern; uncertainty of access to additional capital; risks inherent in mineral exploration; environmental liability claims and insurance; dependence on consultants and third parties as well as those factors discussed in the section entitled “Risk Factors”, “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

If one or more of these risks or uncertainties materializes, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Forward looking statements in this document are not a prediction of future events or circumstances, and those future events or circumstances may not occur. Given these uncertainties, users of the information included herein, including investors and prospective investors are cautioned not to place undue reliance on such forward-looking statements. We do not assume responsibility for the accuracy and completeness of these statements.

The United States Securities and Exchange Commission permits U.S. mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. The Company is an exploration stage company and its properties have no known body of ore. U.S. investors are cautioned not to assume that the Company has any mineralization that is economically or legally mineable.

All references in this Report on Form 10-K to the terms “we”, “our”, “us”, and “the Company” refer to Charmed Homes Inc.

PART I

ITEM 1. BUSINESS

General

We were incorporated in the state of Nevada on June 27, 2006. We have started operations. We have generated very limited revenues from operations, but must be considered a start-up business. Our statutory registered agent in Nevada is The Corporation Trust Company of Nevada, 6100 Neil Road, Suite 500, Reno, Nevada 89511. Our administrative office is located at 60 Mt. Kidd Point S.E., Calgary, Alberta, T2Z 3C5. Our telephone number is (403) 831-2202.

Because of the change in the economy, we believed that it was in the best interests of our shareholders to change our business course. We previously engaged in the construction and marketing of custom homes in the Calgary area in Alberta, Canada. During 2008, we completed construction of our first such home and sold this home. Due to downturns in the housing market in Calgary and a lack of available funding, we decided to cease operations following the sale of this single home.

Our Merger

On November 12, 2008, we entered into a letter of intent with IntelaSight, Inc., a Washington corporation d/b/a Iveda Solutions ("Iveda"). Under the Letter of Intent ("LOI"), we have agreed to merger with Iveda whereby Iveda will become our wholly-owned subsidiary and Iveda's shareholders will receive approximately 10 million shares of our common stock. Prior to the Merger, we will engage in a 2-for-1 reverse split to reduce the number of outstanding shares of its common stock, and the our two major shareholders will sell 5 million pre-reverse split shares of our common stock to Iveda.

As part of the merger, we have agreed to change our name to "Iveda Corporation." After the filing of the amended articles of incorporation with the Secretary of State of the State of Nevada, we will cease using the corporate name "Charmed Homes Inc." and do business as "Iveda Corporation."

The primary reason for the proposed name change was to comply with the terms of the Corporation's Merger Agreement (the "Merger Agreement"), dated January 8, 2009 with IntelaSight, Inc., a Washington corporation d/b/a Iveda Solutions ("Iveda"), Charmed Homes Subsidiary, Inc., a Nevada corporation and our wholly owned subsidiary ("Merger Sub"), and our two major shareholders.

Under the Merger Agreement, our company and Iveda have agreed, subject to the satisfaction or waiver of the closing conditions set forth in the Merger Agreement, to engage in a merger (the "Merger") whereby the Merger Sub will merge with and into Iveda, and as a result Iveda will become our wholly-owned subsidiary. As part of the Merger, Iveda's stock and derivative securities will be exchanged for stock and our derivative securities at a ratio of one share of our common stock for each one share held in Iveda immediately prior to the Merger closing.

The parties have until March 31, 2009 to close the proposed Merger, at which time either party may terminate the Merger Agreement. The Merger Agreement may also be terminated in the event it fails to receive the approval of holders of a majority of the outstanding Iveda voting stock when submitted to the shareholders for approval, or if greater than 1% of the outstanding Iveda voting stock dissents from the Merger.

Following the Merger, the Merger Sub will cease to exist, and Iveda will be our direct, wholly-owned subsidiary. Our current officers and directors will resign as of the closing, and our directors will be David Ly, Greg Omi, Jody Bisson, and one additional director to be appointed by Iveda and our officers will be David Ly, President and CEO, Bob Brilon, CFO and Treasurer, and Luz Berg, Secretary and Senior VP of Operations & Marketing – each of these individuals is a current officer and/or director of Iveda. The closing will not occur until our corporation and Iveda file Articles of Merger with the States of Washington and Nevada, which will not occur until after the approval of the Iveda shareholders has been obtained and following applicable waiting periods required by SEC regulations (for the reverse split and name change) and Washington law (as Iveda intends to solicit consents in lieu of holding a special meeting of its shareholders to approve the Merger).

As part of the Merger, we have agreed to change our name to "Iveda Corporation" and the Amended Articles will accomplish this. We intend to wait until the closing of the Merger to file the Amended Articles, and in the event the Merger does not close, we will keep our existing name.

Iveda Corporation

Iveda provides remote video monitoring services and currently has clients in Arizona and California. Iveda offers a proactive security solution using network cameras, real-time Internet-based surveillance system, and a remote monitoring facility with trained intervention specialists. Based in Mesa, Arizona, Iveda's core monitoring service offers private and public entities what Iveda management believes to be a more affordable, reliable, and effective security solution than either security guards or closed circuit television on-site monitoring.

Iveda

IntelaSight, Inc. was incorporated in Washington in January 2005, and began operations at that time. It conducts business under the name Iveda Solutions.

Iveda provides remote video monitoring services and currently has clients in Arizona and California. Iveda offers a proactive security solution using network cameras, a real-time Internet-based surveillance system, and a remote monitoring facility with trained intervention specialists. Based in Mesa, Arizona, Iveda's core monitoring service offers private and public entities what management believes to be a more affordable, reliable, and effective security solution than either security guards or closed circuit television ("CCTV") on-site monitoring. Iveda has provided security solutions to 27 customers, with over 248 cameras installed, 75 of which are being monitored and 4 hosted by Iveda in 15 properties.

Iveda has recently opened its reseller distribution channel. Without active solicitation, Iveda has already signed a net eight resellers and six independent agents in 2008 and expects to partner with more in 2009. These resellers and agents will assist Iveda in its marketing and customer service activities.

Management projects a 3-year window of opportunity to get a first mover's advantage in the real-time video surveillance market. Management believes that Iveda remains the only company providing real-time video surveillance in the United States. Integrators and central monitoring companies, Iveda's closest competitors, provide monitoring services based on electronic alarm triggers which generate a response time of often 6-10 minutes or more. Iveda's real-time monitoring provides immediate response capabilities. Iveda has already received local publicity for stopping crimes in progress. Since January 2005, Iveda has raised approximately \$3.2 million, which has been used to initiate and fund operations. As Iveda has high fixed capital and operating costs that can be moderated only through increases in its customer monitoring services, Iveda needs to continue to raise capital to increase its marketing budget and obtain significant additional customers to offset its fixed costs.

Our Office

Our office is located at 60 Mt Kidd Point S.E., Calgary, Alberta, Canada T2Z 3C5. Our phone number is (403) 831-2202.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 2. PROPERTIES

The company has no properties.

ITEM 3. LEGAL PROCEEDINGS

The company has no legal proceedings.

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

On November 21, 2008, those shareholders of Charmed entitled to vote at least a majority of the aggregate shares of Charmed's common stock, par value \$0.00001 per share (the "Common Stock"), outstanding on such date, approved two corporate actions by written consent in lieu of a special meeting. Shareholders holding in the aggregate 5,000,000 shares of Common Stock or 74.74% of the voting stock outstanding as of November 21, 2008 (the "Consenting Shareholders") approved (1) Charmed's Amendment to its Articles of Incorporation (the "Amended Articles"), to change Charmed's name to "Iveda Corporation" and (2) a reverse split of the Corporation's common stock whereby each two shares of issued and outstanding common stock as of December 5, 2008 shall be exchanged for one share of common stock. These actions cannot take effect until at least 20 days have elapsed from the date on which the Company mails an information statement to its shareholders informing them of these corporate actions.

PART II

ITEM 5. MARKET FOR COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Our shares are traded on the Bulletin Board operated by the Financial Industry Regulatory Authority under the symbol "CHDH." A summary of trading by quarter for 2009 and 2008 fiscal years is as follows:

Fiscal Year		High Bid	Low Bid
2009			
	Fourth Quarter: 11-1-08 to 01-31-09	\$1.50	\$0.0
	Third Quarter: 08-1-08 to 10-31-08	\$0.0	\$0.0
	Second Quarter: 05-1-08 to 07-31-08	\$0.0	\$0.0
	First Quarter: 02-1-08 to 04-30-08	\$0.0	\$0.0
2008			
	Fourth Quarter: 11-1-07 to 01-31-08	\$0.0	\$0.0
	Third Quarter: 08-1-07 to 10-31-07	\$0.0	\$0.0
	Second Quarter: 05-1-07 to 07-31-07	\$0.0	\$0.0
	First Quarter: 02-1-07 to 04-30-07	\$0.0	\$0.0

We issued 5,000,000 shares of common stock pursuant to the exemption from registration contained in section 4(2) of the Securities Act of 1933. This was accounted for as a sale of common stock. In August 2007, we also issued 1,690,000 shares of common stock to 54 individuals. This was also accounted for as a sale of common stock.

Dividends

We have not declared any cash dividends, nor do we intend to do so. We are not subject to any legal restrictions respecting the payment of dividends, except that they may not be paid to render us insolvent. Dividend policy will be based on our cash resources and needs and it is anticipated that all available cash will be needed for our operations in the foreseeable future.

Section 15(g) of the Securities Exchange Act of 1934

Our shares are covered by section 15(g) of the Securities Exchange Act of 1934, as amended that imposes additional sales practice requirements on broker/dealers who sell such securities to persons other than established customers and accredited investors (generally institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouses). For transactions covered by the Rule, the broker/dealer must make a special suitability determination for the purchase and have received the purchaser's written agreement to the transaction prior to the sale. Consequently, the Rule may affect the ability of broker/dealers to sell our securities and also may affect your ability to sell your shares in the secondary market.

Section 15(g) also imposes additional sales practice requirements on broker/dealers who sell penny securities. These rules require a one page summary of certain essential items. The items include the risk of investing in penny stocks in both public offerings and secondary marketing; terms important to in understanding of the function of the penny stock market, such as bid and offer quotes, a dealers spread and broker/dealer compensation; the broker/dealer compensation, the broker/dealers' duties to its customers, including the disclosures required by any other penny stock disclosure rules; the customers' rights and remedies in cases of fraud in penny stock transactions; and, the FINRA's toll free telephone number and the central number of the North American Administrators Association, for information on the disciplinary history of broker/dealers and their associated persons.

Securities Authorized for Issuance Under Equity Compensation Plans

We have no equity compensation plans and accordingly we have no shares authorized for issuance under an equity compensation plan.

ITEM 6. SELECTED FINANCIAL DATA

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This section of the report includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. 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. You should not place undue certainty on these forward-looking statements, which apply only as of the date of this report. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or our predictions.

We are a development-stage corporation and at this point we have realized a nominal profit on our first project.

Our auditors have issued a going concern opinion. This means that our auditors believe there is substantial doubt that we can continue as an on-going business for the next twelve months unless we obtain additional capital to pay our bills. This is because we have not purchased any contracts and only generated nominal revenues from the first development. We must raise cash from operations. Our only other source for cash at this time is investments by others in our company. We must raise cash to implement our project and begin our operations. Even with the money we raised from our public offering, we do not know how long the money will last, however, we do believe it will last twelve months. Operations are now under way since we raised the money from our public offering.

To meet our need for cash, we have raised money through the public offering. We cannot guarantee that once we begin operations we will stay in business after operations have commenced. Further, if we are unable to attract enough clients to utilize our services, we may quickly use up the proceeds from the minimum amount of money from our public offering and will need to find

alternative sources, like a second public offering, a private placement of securities, or loans from our officers or others in order for us to maintain our operations. At the present time, we have not made any arrangements to raise additional cash, other than through our public offering.

If we need additional cash and cannot raise it, we will either have to suspend operations until we do raise the cash, or cease operations entirely. We believe the amount raised from our public offering will last a year but with limited funds available to develop growth strategy. If at some point we need more money, we will have to revert to obtaining additional money as described in this paragraph. Other than as described in this paragraph, we have no other financing plans.

Operation to Date

With the success of our offering, we were able to begin our operations. We established our office and acquired the equipment we needed to begin. We did not hire any employees up to this point and our officers and directors are handling the administrative duties.

We located a suitable piece of land in order to start our first project. The lot was acquired in the community of Lake Chaparral.

Once the land was located, we chose a home plan which best suited the property. The blueprints were drawn up, specifications outlined and decisions on materials made.

Initial financing through the bank was avoided by obtaining an interest free loan of \$25,000 from our President Ian Quinn. The plot plan and blueprint were submitted to the developer of the subdivision and approvals were received.

The process of tendering out for construction was avoided by working with Shane Homes, who have all the suppliers and trades people in place. Construction of the home was completed at the end of December, approximately three months earlier than expected.

The home was listed as soon as it was completed as it was decided that with the slowing in the market it would be best to market the home once it was showing its best.

The home is now sold, but with the significantly slower market in Calgary and area, it took much longer than expected to sell and we did not realize the profit we had anticipated. The sale of the home was just on June 3, 2008.

Due to the state of the Calgary housing market, there is a tremendous amount of new home inventory available and house prices are dropping significantly. Therefore we have discontinued our operations in home building.

Future Operations

Because of the change in the economy, we believed that it was in the best interests of our shareholders to change our business course.

On November 12, 2008, we entered into a letter of intent with InteloSight, Inc., a Washington corporation d/b/a Iveda Solutions ("Iveda"). Under the Letter of Intent ("LOI"), we have agreed to merger with Iveda whereby Iveda will become our wholly-owned subsidiary and Iveda's shareholders will receive approximately 10 million shares of our common stock. Prior to the merger, we will engage in a 1-for-2 reverse stock split to reduce the number of our outstanding shares.

Iveda provides remote video monitoring services and currently has clients in Arizona and California. Iveda offers a proactive security solution using network cameras, real-time Internet-based surveillance system, and a remote monitoring facility with trained intervention specialists. Based in Mesa, Arizona, Iveda's core monitoring service offers private and public entities what Iveda management believes to be a more affordable, reliable, and effective security solution than either security guards or closed circuit television on-site monitoring.

As part of the merger, we have agreed to change our name to "Iveda Corporation." After the filing of the amended articles of incorporation with the Secretary of State of the State of Nevada, we will cease using the corporate name "Charmed Homes Inc." and do business as "Iveda Corporation."

Limited operating history; need for additional capital

There is limited historical financial information about us upon which to base an evaluation of our performance. We are in start-up stage operations and have not generated any revenues. We cannot guarantee we will be successful in our business operations. Our business is subject to risks inherent in the establishment of a new business enterprise, including limited capital resources and possible cost overruns due to price and cost increases in services and products.

We have no assurance that future financing will be available to us on acceptable terms. If financing is not available on satisfactory terms, we may be unable to continue, develop or expand our operations. Equity financing could result in additional dilution to existing shareholders.

Results of operations

From Inception on June 27, 2006 to January 31, 2009

During this period we incorporated the company, hired the attorney, and hired the auditor for the preparation of our registration statement. We have also completed and sold our first house. Our loss since inception is \$105,956 of which \$88,371 is for professional fees; \$15,500 is for donated rent and services; \$3,456 is for filing fees and general office costs; \$1,320 is for property tax and utilities and \$12,376 is for foreign exchange loss. We have changed our proposed business operations and will continue to complete the merger with Iveda Corporation.

Since inception, we have issued 5,000,000 shares of common stock to our officers and directors for cash proceeds of \$5,000. On August 2007, we completed our public offering by selling 1,690,000 shares of common stock and raising \$169,000.

Liquidity and capital resources

On June 15, 2006, we issued 5,000,000 shares of common stock pursuant to the exemption from registration contained in section 4(2) of the Securities Act of 1933. This was accounted for as a sale of common stock. In August, 2007, we also issued 1,690,000 shares of common stock to 54 individuals. This was also accounted for as a sale of common stock.

As of January 31, 2009, our total assets were \$86,957 comprised of \$86,957 in cash and our total liabilities were \$3,413, comprised of accounts payable of \$3,413.

On June 3, 2008, we sold our real property for consideration of CDN\$510,000.

Recent accounting pronouncements

In May 2008, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 163, “Accounting for Financial Guarantee Insurance Contracts – An interpretation of FASB Statement No. 60”. SFAS No. 163 requires that an insurance enterprise recognize a claim liability prior to an event of default when there is evidence that credit deterioration has occurred in an insured financial obligation. It also clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities, and requires expanded disclosures about financial guarantee insurance contracts. It is effective for financial statements issued for fiscal years beginning after December 15, 2008, except for some disclosures about the insurance enterprise’s risk-management activities. SFAS No. 163 requires that disclosures about the risk-management activities of the insurance enterprise be effective for the first period beginning after issuance. Except for those disclosures, earlier application is not permitted. The adoption of this statement is not expected to have a material effect on the Company’s financial statements.

In May 2008, the FASB issued SFAS No. 162, “The Hierarchy of Generally Accepted Accounting Principles”. SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of non-governmental entities that are presented in conformity with generally accepted accounting principles in the United States. It is effective 60 days following the SEC’s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, “The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles”. The adoption of this statement is not expected to have a material effect on the Company’s financial statements.

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities – an amendment to FASB Statement No. 133”. SFAS No. 161 is intended to improve financial standards for derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity’s financial position, financial performance, and cash flows. Entities are required to provide enhanced disclosures about: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity’s financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years beginning after November 15, 2008, with early adoption encouraged. The adoption of this statement is not expected to have a material effect on the Company’s financial statements.

In December 2007, the FASB issued No. 160, “Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No.51”. SFAS No. 160 requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. SFAS No. 160 also requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. SFAS No. 160 also requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent’s owners and the interests of the noncontrolling owners of a subsidiary. SFAS No. 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The adoption of this statement is not expected to have a material effect on the Company’s financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), “Business Combinations”. This statement replaces SFAS No. 141 and defines the acquirer in a business combination as the entity that obtains control of one or more businesses in a business combination and establishes the acquisition date as the date that the acquirer achieves control. SFAS No. 141 (revised 2007) requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. SFAS No. 141 (revised 2007) also requires the acquirer to recognize contingent consideration at the acquisition date, measured at its fair value at that date. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Charmed Homes Inc.
(A Development Stage Company)

January 31, 2009

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