REGI U S INC
Form 10QSB
December 15, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

(Mark One)

x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarter ended **October 31, 2005**

¨ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _______________ to _______________

Commission File No. 0-23920

REGI U.S., Inc.

(Name of Small Business Issuer in its Charter)

Oregon	**91-1580146**
(State or Other Jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No)

#1103-11871 Horseshoe Way
Richmond, BC V7A 5H5 Canada
(Address of Principal Executive Offices)

(604) 278-5996
Issuer's Telephone Number

____
(Former Name or Former Address, if changed since last Report)

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 Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

(1) Yes x No ¨ (2) Yes x No ¨

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

(ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Not applicable

(APPLICABLE ONLY TO CORPORATE ISSUERS)

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date:

December 9, 2005

Common 23,811,975 shares

DOCUMENTS INCORPORATED BY REFERENCE

A description of any "Documents Incorporated by Reference" is contained in Item 6 of this Report.

Transitional Small Business Issuer Format Yes ¨ No x

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements of the Company required to be filed with this 10-QSB Quarterly Report were prepared by management and commence on the following page, together with related Notes. In the opinion of management, the Financial Statements fairly present the financial condition of the Company.

REGI U.S. Inc.
(A Development Stage Company)
Interim Financial Statements
October 31, 2005
(unaudited)
1

REGI U.S., Inc.
(A Development Stage Company)

October 31, 2005

REGI U.S., Inc.
(A Development Stage Company)
Balance Sheet
(expressed in US dollars)
(Unaudited)

	October 31, 2005 $
ASSETS	
Current Assets	
Cash	21,198
Prepaid expenses (Note 6(g))	214,082
Total Assets	235,280
LIABILITIES AND STOCKHOLDERS DEFICIT	
Current Liabilities	
Accounts payable	96,947
Accrued liabilities	16,640
Due to related parties (Note 6)	430,853
Total Liabilities	544,440
Commitments (Notes 4 and 7)	
Stockholders Deficit	
Common Stock (Note 5):	
50,000,000 shares authorized without par value; 23,811,975 shares issued and outstanding	6,006,512
Common Stock Subscribed (Note 5(e))	197,515
Donated Capital (Note 6)	622,500
Deferred Compensation (Note 5(c))	(7,000)
Deficit Accumulated During the Development Stage	(7,128,687)
Total Stockholders Deficit	(309,160)
Total Liabilities and Stockholders Deficit	235,280

(The Accompanying Notes are an Integral Part of the Financial Statements)

REGI U.S., Inc.
(A Development Stage Company)
Statements of Operations
(expressed in US dollars)
(Unaudited)

	Accumulated From July 27,1992 (Date of Inception) to October 31,	Three Months Ended October 31,		Six Months Ended October 31,	
	2005 $	2005 $	2004 $	2005 $	2004 $
Revenue					
Expenses					
General and administrative [1] (Note 6)	3,242,783	243,225	149,653	361,504	236,444
Research and development [1] (Note 6 and 7(b))	3,801,465	36,310	20,491	43,731	37,373
Amortization	130,533		1,254		2,493
Impairment loss	72,823				
Operating Loss	7,247,604	279,535	171,398	405,235	276,310
Other Income (Expenses)					
Interest expense	4,032				
Accounts payable written-off	114,885				
	118,917				
Net Loss	7,128,687	279,535	171,398	405,235	276,310
Net Loss Per Share Basic and Diluted		(0.01)	(0.01)	(0.02)	(0.01)
Weighted Average Shares Outstanding		23,734,000	22,410,000	23,765,000	22,375,000
[1] Stock-based compensation is included in:					
General and administrative	497,904	858	16,426	6,624	39,866
Research and development	14,000	3,000		6,000	
	511,904	3,858	16,426	12,621	25,788

(The Accompanying Notes are an Integral Part of the Financial Statements)

F-2

REGI U.S., Inc.
(A Development Stage Company)
Statements of Cash Flows
(expressed in US dollars)
(Unaudited)

	From July 27, 1992 (Date of Inception) to October 31, 2005 $	Six Months Ended October 31, 2005 $	2004 $
Operating Activities			
Net loss for the period	(7,128,687)	(405,235)	(276,310)
Adjustments to reconcile net loss to cash			
Accounts payable written-off	(102,688)		
Amortization	130,533		2,493
Impairment loss	72,823		
Stock-based compensation	511,904	12,621	48,663
Donated services	622,500	75,000	75,000
Intellectual property written off	578,509		
Changes in operating assets and liabilities			
Increase in accounts receivable	(3,000)		
Increase in prepaid expense	(214,082)	(196,868)	
Increase in accounts payable and accrued liabilities	224,431	25,914	3,410
Net Cash Used in Operating Activities	(5,307,757)	(488,568)	(146,744)
Financing Activities			
Increase in due to related parties	718,700	293,203	2,041
Proceeds from convertible debenture	5,000		
Proceeds from the sale of common stock	4,618,388	22,562	6,000
Subscriptions received	223,483	197,515	145,800
Net Cash Provided by Financing Activities	5,565,571	513,280	153,841
Investing Activities			
Patent protection costs	(38,197)		(5,639)
Purchase of property plant and equipment	(198,419)		
Net Cash Used by Investing Activities	(236,616)		(5,639)
Increase In Cash and Cash Equivalents	21,198	24,712	1,458
Cash and Cash Equivalents - Beginning of Period		(3,514)	(3,133)
Cash and Cash Equivalents - End of Period	21,198	21,198	(1,675)
Non-Cash Investing and Financing Activities			
Stock-based compensation	497,074	12,621	48,663
Shares issued to settle debt	496,000		
Shares issued for convertible debenture	5,000		
Shares issued for intellectual property	345,251		
Affiliate s shares issued for intellectual property	200,000		

Supplemental Disclosures	
Interest paid	12,593
Income tax paid	

(The Accompanying Notes are an Integral Part of the Financial Statements)

F-3

1. Interim Reporting

The accompanying unaudited interim financial statements have been prepared by REGI U.S., Inc. (the "Company") pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these financial statements have been included. Such adjustments consist of normal recurring adjustments. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the fiscal year ended April 30, 2005, as filed with the United States Securities and Exchange Commission.

The results of operations for the six months ended October 31, 2005 are not indicative of the results that may be expected for the full year.

2. Nature of Operations and Continuance of Business

The Company was incorporated in the State of Oregon, U.S.A. on July 27, 1992.

The Company is a development stage company engaged in the business of developing and commercially exploiting an improved axial vane type rotary engine known as the Rand Cam/Direct Charge Engine (the RC/DC Engine). The world-wide marketing and intellectual rights, other than in the U.S., are held by Reg Technologies, Inc.(Reg), which is a major shareholder of the Company. The Company owns the U.S. marketing and intellectual rights and has a project cost sharing agreement, whereby it will fund 50% of the further development of the RC/DC Engine and Reg Technolgies, Inc. will fund 50%, pursuant to an agreement dated November 22, 2004.

In a development stage company, management devotes most of its activities to establishing a new business. Planned principal activities have not yet produced any revenues and the Company has suffered recurring operating losses as is normal in development stage companies. The Company has a working capital deficit of $309,160 and has accumulated losses of $7,128,687 since inception. These factors raise substantial doubt about the Company s ability to continue as a going concern. The ability of the Company to emerge from the development stage with respect to its planned principal business activity is dependent upon its successful efforts to raise additional equity financing, receive funding from affiliates and controlling shareholders, and develop a market for its products.

The Company plans to raise funds through loans from Rand. Rand owns approximately 18% of the shares of the Company as at October 31, 2005, and plans to sell shares as needed to meet ongoing funding requirements if traditional equity sources of financing prove to be insufficient. The Company also receives interim support from affiliated companies and plans to raise additional capital through debt and/or equity financings. There continues to be insufficient funds to provide enough working capital to fund ongoing operations for the next twelve months. The Company may also raise additional funds through the exercise of warrants and stock options, if exercised.

3. Recent Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board (FASB) issued SFAS No. 154, Accounting Changes and Error Corrections A Replacement of APB Opinion No. 20 and SFAS No. 3 . SFAS 154 changes the requirements for the accounting for and reporting of a change in accounting principle and applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. SFAS 154 requires retrospective application to prior periods financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. The provisions of SFAS No. 154 are effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. The adoption of this standard is not expected to have a material effect on the Company s results of operations or financial position.

3. Recent Accounting Pronouncements (continued)

In December 2004, the FASB issued SFAS No. 153, Exchanges of Nonmonetary Assets - An Amendment of APB Opinion No. 29 . The guidance in APB Opinion No. 29, Accounting for Nonmonetary Transactions , is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. SFAS No. 153 amends Opinion No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS No. 153 are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Early application is permitted and companies must apply the standard prospectively. The adoption of this standard did not have a material effect on the Company s results of operations or financial position.

In December 2004, the FASB issued SFAS No. 123R, Share Based Payment . SFAS 123R is a revision of SFAS No. 123 Accounting for Stock-Based Compensation , and supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees and its related implementation guidance. SFAS 123R establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity s equity instruments or that may be settled by the issuance of those equity instruments. SFAS 123R focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS 123R requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award the requisite service period (usually the vesting period). SFAS 123R requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. Public entities that file as small business issuers will be required to apply SFAS 123R in the first interim or annual reporting period that begins after December 15, 2005. Management has not yet determined the impact of this statement on its results of operations.

In March 2005, the SEC staff issued Staff Accounting Bulletin No. 107 (SAB 107) to give guidance on the implementation of SFAS 123R. The Company will consider SAB 107 during implementation of SFAS 123R.

4. Intangible Assets

(a) On August 20, 1992 the Company acquired the U.S. rights to the original Rand Cam-Engine from REGI by issuing 5,700,000 shares at a fair value of $0.01 per share. REGI will receive a 5% net profit royalty. The $57,000 was charged to operations as research and development.

(b) Pursuant to an agreement with a former director, the Company acquired the U.S. rights to the improved axial vane rotary engine known as the RC/DC Engine. In consideration for the transferred technology, the former director was issued 100,000 shares of Reg Technologies Inc. (REG) (a public company owning 51% of REGI) with a fair value of $200,000. The $200,000 was charged to operations as research and development. A 1% net profit royalty will be due to the former director.

(c) Pursuant to a letter of understanding dated December 13, 1993 between the Company, REGI and REG (collectively called the grantors) and West Virginia University Research Corporation (WVURC), the grantors have agreed that WVURC shall own 5% of all patented technology and will receive 5% of all net profits from sales, licences, royalties or income derived from the patented technology.

(The Accompanying Notes are an Integral Part of the Financial Statements)

5. Common Stock

(a) Stock Option Plan

The Company accounts for stock-based awards using the intrinsic value method of accounting in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25). Under the intrinsic value method of accounting, compensation expense is recognized if the exercise price of the Company s employee stock options is less than the market price of the underlying common stock on the date of grant. SFAS No. 123, Accounting for Stock-Based Compensation, (SFAS 123), established a fair value based method of accounting for stock-based awards. Under the provisions of SFAS 123, companies that elect to account for stock-based awards in accordance with the provisions of APB 25 are required to disclose the pro forma net income (loss) that would have resulted from the use of the fair value based method under SFAS 123.

The Company has a Stock Option Plan to issue up to 2,500,000 shares to certain key directors and employees, approved April 30, 1993 and amended December 5, 2000. Pursuant to the Plan the Company has granted stock options to certain directors and employees.

The following table summarizes the continuity of the Company s stock options:

	Number of Shares	Weighted average exercise price $
Outstanding, April 30, 2005	1,612,750	0.26
Granted	125,000	0.45
Exercised	(50,000)	0.23
Expired		
Outstanding,July 31, 2005	1,687,750	0.28
Granted		
Exercised	(31,250)	0.25
Cancelled	(325,000)	0.38
Outstanding, October 31, 2005	1,331,500	0.25

The pro forma information is as follows:

	Three Months Ended		Six Months Ended	
	October 31, 2005 $	October 31, 2004 $	October 31, 2005 $	October 31, 2004 $
Net loss as reported	(279,535)	171,398	(405,235)	(276,310)
Add: Stock-based compensation expense included				
in net loss as reported	3,858	16,426	12,621	48,663

Deduct: Stock-based compensation expense determined under fair value method	(3,858)	(16,426)	(15,892)	(48,663)
Net loss pro forma	(279,535)	(171,398)	(408,506)	(276,310)
Net loss per share basic and diluted as reported	(0.01)	(0.01)	(0.02)	(0.01)
Net loss per share basic and diluted pro forma	(0.01)	(0.01)	(0.02)	(0.01)

(The Accompanying Notes are an Integral Part of the Financial Statements)

5. Common Stock (continued)

(a) Stock Option Plan (continued)

The fair value for options granted was estimated at the date of grant using the Black-Scholes option-pricing model and the weighted average fair value of stock options granted during the six month period ended October 31, 2005, was $0.45 (2004 - $0.23).

The weighted average assumptions used are as follows:

	Three Months Ended		Six Months Ended	
	October 31, 2005 $	October 31, 2004 $	October 31, 2005 $	October 31, 2004 $
Expected dividend yield	0%	0%	0%	0%
Risk-free interest rate	3.38%	2.9%	3.38%	3.1%
Expected volatility	165%	221%	165%	214%
Expected option life (in years)	1.0	3.0	1.0	3.0

Additional information regarding options outstanding as at October 31, 2005 is as follows:

			Outstanding					
Exercise prices		Number of shares	Weighted average remaining contractual life (years)		Weighted average exercise price	Number of shares	Exercisable	Weighted average exercise price
$ 0.00	$ 0.25	1,020,00	1.03	$	0.21	275,000	$	0.21
$ 0.26	$ 0.50	311,500	3.89	$	0.40	75,750	$	0.40
		1,331,500	1.70	$	0.25	350,750	$	0.25

(b) Performance Stock Plan

The Company has allotted 2,500,000 shares to be issued pursuant to a Performance Stock Plan approved and registered on June 27, 1997. Compensation is recorded when the conditions to issue shares are met at their then fair market value. There are no options currently granted pursuant to this plan.

(c) Non-cash Consideration

Shares issued for non-cash consideration to third parties were valued based on the fair market value of the services provided. During the year ended April 30, 2005, the Company issued a total of 150,000 shares of common stock for consulting services. These shares were issued at an aggregate fair value of $24,000 for services to be rendered over a two-year period. The Company charged $6,000 to operations for the pro-rata portion of services performed during the six month period ended October 31, 2005 (2004 $10,000).

(d) Share Purchase Warrants

The following table summarizes the continuity of the Company s warrants:

	Number of Shares	Weighted average exercise price $
Balance, April 30, 2004	173,120	0.20
Issued	516,400	0.35
Exercised	(173,120)	0.20
Balance, April 30, 2005	516,400	0.35
Exercised	(10,000)	0.35
Outstanding, October 31, 2005	506,400	0.35

(The Accompanying Notes are an Integral Part of the Financial Statements)

5. Common Stock (continued)

(d) Share Purchase Warrants (continued)

At October 31, 2005, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
506,400	$0.35	December 30, 2005

(e) Private Placement

The Company is in the process of raising funds through a private placement consisting of up to 1,500,000 units at $0.60 per share for proceeds of $900,000. Each unit will consist of one share of Class A common stock and one ½ warrant. Two ½ warrants will enable the investor to purchase one additional share at an exercise price of $0.80 per share in the first year and $1.00 in the second year from the date of closing. As of October 31, 2005, the Company received proceeds of $197,515 net of issue costs of $10,485.

(f) On May 27, 2005, the Company granted 125,000 stock options to employees and officers of the Company, exercisable at $0.45 per share, up to May 27, 2010.

(g) During the six month period ended October 31, 2005, the Company issued 81,250 shares upon the exercise of stock options for proceeds of $19,063.

(h) During the six month period ended October 31, 2005, the Company issued 10,000 shares upon the exercise of warrants for proceeds of $3,500.

(i) During the six month period ended October 31, 2005, the Company cancelled 325,000 stock options.

(The Accompanying Notes are an Integral Part of the Financial Statements)

7. Commitments

(a) The Company is committed to fund 50% of the further development of the RC/DC Engine.

(b) The Company entered into a Distributors Agreement dated June 29, 2005 with ANUVU Incorporated with an option to acquire exclusive rights to distribute the ANUVU Fuel Cell technology for Canada and Europe. The Company s affiliate REG Technologies, Inc. paid $200,000 to exercise a portion of the option agreement and acquire the Canadian rights on behalf of the Company. During the period ended October 31, 2005, the Company assigned the distribution rights to REG Technologies, Inc. and recovered $150,000 of research and development expenses. REGI U.S., Inc. has the remaining option to pay $300,000 for the European rights, of which $150,000 was to be paid within 90 days of the Agreement, and the balance of $150,000 by November 30, 2005. On December 6, 2005, the Company paid $7,000 CDN to extend the option until February 28, 2006. The rights are subject to a royalty of 5% of gross sales. The Company will receive 2 warrants of ANUVU s common stock for every dollar paid for the distribution rights to a maximum of 1,000,000 warrants. Each warrant will be exercisable to acquire one share of ANUVU s common stock at $0.01 per share up to one year from date of payment.

(The Accompanying Notes are an Integral Part of the Financial Statements)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Forward Looking Statements

This report contains forward-looking statements. The words, anticipate , believe , expect , plan , intend , estimate could , may , foresee , and similar expressions are intended to identify forward-looking statements. The following discussion and analysis should be read in conjunction with the Company's Financial Statements and other financial information included elsewhere in this report which contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from the results discussed in the forward-looking statements. Factors that could cause or contribute to such differences include those discussed below, as well as those discussed elsewhere in this report.

Overview

REGI U.S., Inc. was incorporated in the State of Oregon, USA on July 27, 1992.

The Company is a development stage company engaged in the business of developing and commercially exploiting an improved axial vane type rotary engine known as the Rand Cam/Direct Charge Engine (The RC/DC Engine). The world-wide marketing and intellectual rights, other than the U.S., are held by Rand Energy Group Inc. (Rand) which is the controlling shareholder of the Company. The Company owns the U.S. marketing and intellectual rights and has a project cost sharing agreement, whereby it will fund 50% of the further development of the RC/DC Engine and RAND will fund 50%.

In a development stage company, management devotes most of its activities to establishing a new business. Planned principal activities have not yet produced any revenues and the Company has suffered recurring operating losses as is normal in development stage companies. The Company has a working capital deficit of $309,160 and has accumulated losses of $7,128,687 since inception. These factors raise substantial doubt about the Company s ability to continue as a going concern. The ability of the Company to emerge from the development stage with respect to its planned principal business activity is dependent upon its successful efforts to raise additional equity financing, receive funding from affiliates and controlling shareholders, and develop a market for its products.

The Company plans to raise funds through loans from Rand. Rand owns approximately 18% of the shares of the Company as at October 31, 2005, and plans to sell shares as needed to meet ongoing funding requirements if traditional equity sources of financing prove to be insufficient. The Company also receives interim support from affiliated companies and plans to raise additional capital through debt and/or equity financings. There continues to be insufficient funds to provide enough working capital to fund ongoing operations for the next twelve months. The Company may also raise additional funds through the exercise of warrants and stock options, if exercised.

Progress Report from August 1, 2005 to December 13, 2005

Rand Cam Technology

Rand Cam Generator and Fuel Cell Technology

The Company entered into a Distributors Agreement dated June 29, 2005 with ANUVU Incorporated with an option to acquire exclusive rights to distribute the ANUVU Fuel Cell technology for Canada and Europe. The Company s affiliate REG Technologies, Inc. paid $200,000 to exercise a portion of the option agreement and acquire the Canadian rights on behalf of the Company. During the period ended October 31, 2005, the Company assigned the distribution rights to REG Technologies, Inc. REGI U.S., Inc. has the remaining option to pay $300,000 for the European rights, of which $150,000 was to be paid within 90 days of the Agreement, and the balance of $150,000 by November 30, 2005. Subsequent to October 31, 2005, the Company paid $7,000 CDN to extend the remaining option until February 28, 2006.

We agree to issue 200,000 treasury shares of REGI U.S., Inc. to Anuvu upon confirmation of acceptance of the European fuel cell technology patents. Anuvu will submit a patent application for Canada and Europe based on the current fuel cell technology claims set forth in claims of the U.S. Patents Pending held by Anuvu before the deadline date by the Patent Office. Patents will be owned by Anuvu and used exclusively in Europe by REGI during the term of the Agreement. REGI agrees to pay for the patent application costs and associated legal fees for Europe.

Reg Technologies, Inc. and REGI agree to pay a 5% royalty of the adjusted gross sales relating to the Technology.

REGI and Reg Technologies, Inc. will receive up to 1,000,000 warrants of Anuvu, based on 2 warrants issued for every $1.00 paid for the Distribution rights. The warrants enable REGI and Reg Technologies, Inc. the right to purchase up to 1,000,000 shares of Anuvu for a total of $10,000 for a period of one year.

The Company entered into a contract with TVA Productions which is launching a national media campaign, which commenced on October 29, 2005 on BTV in Canada, which will focus on building brand awareness for REGI U.S., Inc. and the Company s Rand Cam technology. Under this program, TVA will assist REGI U.S., Inc. in expanding the awareness of REGI U.S., Inc. within the business community and to the general public both nationally and internationally. TVA will also focus on building name brand awareness in the market area for REGI U.S., Inc. proprietary products.

The Company closed a private placement and issued 650,000 units at $0.60 per share for gross proceeds of $390,000. Each unit consisted of one share of Class A common stock and one ½ warrant. Two ½ warrants will enable the investor to purchase one additional share at an exercise price of $0.80 per share in the first year and $1.00 in the second year from the date of closing.

Results of operations for the six months ended October 31, 2005 (2005) compared to the six months ended October 31, 2004 (2004)

There were no revenues from product licensing during the periods.

The net loss in 2005 increased by $128,925 to $405,235 compared to $276,310 in 2004. Administrative expenses increased by $125,060 to $361,504 from $236,444 in 2004. Research and development expenses increased by $3,865 to $43,731 compared to $39,866 in 2004.

Liquidity

During the six months ended October 31, 2005, we financed our operations mainly by receiving support from related parties in the amount of $293,203. These amounts are non-interest bearing, unsecured and repayable on demand. The related parties have indicated that they will advance further funds if needed.

As at October 31, 2005, we had a working capital deficit of $309,160. Working capital is not adequate to meet development costs for the next twelve months. Unexercised stock options and warrants, if exercised could raise significant additional funds. We receive interim support from our ultimate parent company and plan to raise additional funds from equity financing which is yet to be negotiated. We also plan to raise funds through loans from a shareholder (Rand). Rand owns approximately 18% of the shares of the Company, having an approximate current market value of $3,643,232 as at October 31, 2005, and plans to sell shares as needed to meet our ongoing funding requirements if traditional equity sources of financing prove to be insufficient.

Item 3. Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, as of the end of the period covered by this quarterly report, being October 31, 2005, we have carried out an evaluation of the effectiveness of the design and operation of our company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our company's management, including our President and our Chief Financial Officer. Based upon that evaluation, our President and our Chief Financial Officer concluded that our company's disclosure controls and procedures are effective. There have been no changes in our company's internal controls or in other factors, which could significantly affect internal controls subsequent to the date we carried out our evaluation.

Disclosure controls and procedures and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our President and our Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

PART II Other Information

Item 1. Legal Proceedings

None.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) During the six month period ended October 31, 2005, the Company issued 81,250 shares upon the exercise of stock options for proceeds of $19,063.

(b) During the six month period ended October 31, 2005, the Company issued 10,000 shares upon the exercise of warrants for proceeds of $3,500.

(c) During the six month period ended October 31, 2005, the Company cancelled 325,000 stock options.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submissions of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits:

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes- Oxley Act of 2002

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes- Oxley Act of 2002

32.1 Certification of John G. Robertson, President (Principal Executive Officer), pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of James Vandeberg, Chief Financial Officer (Principal Financial Officer), pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

None.

Signatures

In accordance with the requirements of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: December 13, 2005 REGI U.S., INC.

By: /s/ *John G. Robertson*
John G. Robertson, President
(Principal Executive Officer)

By: /s/ *James Vandeberg*
James Vandeberg, Chief Financial Officer
(Principal Financial Officer)