REGI U S INC
Form 10-Q
September 15, 2008

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 31, 2008

[ ] 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.
(Exact name of registrant in its Charter)

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

#240-11780 Hammersmith Way
Richmond, BC V7A 5E9 Canada
(Address of Principal Executive Offices)

(604) 278-5996
Registrant s telephone number

____
(Former Name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) filed all reports required to be filed 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 days.

(1) Yes [X] No [ ] (2) Yes [X] No [ ]

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

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [ ] Smaller reporting company **[X]**

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 PRECEDING FIVE YEARS

Not applicable

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

September 11, 2008
Common 27,935,824 shares

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The unaudited consolidated financial statements of REGI U.S., Inc. (we, us, our, the Company and REGI) as of
31, 2008 and for the three months ended July 31, 2008 and July 31, 2007 are attached hereto. Our consolidated financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

It is the opinion of management that the interim consolidated financial statements for the three months ended July 31, 2008 and July 31, 2007 include all adjustments necessary in order to ensure that the financial statements are not misleading. These statements reflect all adjustments, which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in accordance with accounting principles generally accepted in the United States of America. Except where noted, these interim consolidated financial statements follow the same accounting policies and methods of their application as the Company s April 30, 2008 annual consolidated financial statements. All adjustments are of a normal recurring nature. It is suggested that these interim consolidated financial statements be read in conjunction with the Company s April 30, 2008 annual consolidated financial statements.

Operating results for the three months ended July 31, 2008 are not necessarily indicative of the results that can be expected for the year ending April 30, 2009.

REGI U.S., Inc.
(A Development Stage Company)
Interim Financial Statements
July 31, 2008
(Expressed in U.S. dollars)
(Unaudited)

Index

REGI U.S., Inc.
(A Development Stage Company)
Consolidated Balance Sheets
(Expressed in U.S. dollars)
(Unaudited)

	July 31, 2008 $	April 30, 2008 $
ASSETS		
Current Assets		
Cash	8,901	7,645
Prepaid expenses	523	872
Total Assets	9,424	8,517
LIABILITIES AND STOCKHOLDERS DEFICIENCY		
Current Liabilities		
Bank indebtedness	2,124	2,347
Accounts payable and accrued liabilities	121,235	124,592
Due to related parties (Note 4(a))	320,583	151,434
Total Liabilities	443,942	278,373
Stockholders Deficiency		
Common Stock (Note 3):		
100,000,000 shares authorized without par value; 27,935,824 shares issued and outstanding (April 30, 2008 27,926,824 shares)	6,846,247	6,834,547
Additional Paid-in Capital	2,544,340	2,326,784
Donated Capital (Note 4)	1,035,000	997,500
Deficit Accumulated During the Development Stage	(10,860,105)	(10,428,687)
Total Stockholders Deficiency	(434,518)	(269,856)
Total Liabilities and Stockholders Deficiency	9,424	8,517

Commitments (Note 5)

Contingencies (Note 6)

Approved by the Directors:

John Robertson
John Robertson - Director

Jennifer Lorette
Jennifer Lorette - Director

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

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

	From July 27,1992 (Date of Inception) to July 31, 2008 $	For the Three Months Ended July 31, 2008 $	2007 $
Expenses			
Amortization	130,533		
General and administrative	6,727,549	401,813	527,912
Impairment loss	72,823		
Research and development	4,118,851	29,605	41,978
Operating Loss	11,049,756	431,418	569,890
Other Income			
Accounts payable written-off (Note 6)	(189,651)		
Net Comprehensive Loss for the Period	10,860,105	431,418	569,890
Loss Per Share		0.02	0.02
Weighted Average Number of Common Shares Outstanding		27,931,000	27,004,000

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

F-2

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

	From July 27, 1992 (Date of Inception) to July 31, 2008 $	For the Three Months Ended July 31, 2008 $	2007 $
Operating Activities			
Net loss	(10,860,105)	(431,418)	(569,890)
Adjustments to reconcile net loss to net cash used in operating activities:			
Accounts payable written-off	(189,651)		
Amortization	130,533		
Impairment loss	72,823		
Stock-based compensation	982,934	217,556	217,556
Amortization of deferred compensation	373,795		
Donated services	1,035,000	37,500	37,500
Intellectual property written-off	578,509		
Shares issued and options exercised for services (Note 3(c))	89,250	5,850	5,850
Changes in operating assets and liabilities			
Accounts receivable	(3,000)		
Prepaid expenses	(523)	349	22,239
Accounts payable and accrued liabilities	319,042	(3,357)	25,258
Due to related parties			(25,062)
Cash Used in Operating Activities	(7,471,393)	(173,520)	(286,549)
Investing Activities			
Patent protection costs	(38,197)		
Purchase of property, plant and equipment	(198,419)		
Cash Used in Investing Activities	(236,616)		
Financing Activities			
Advances from (repayments to) related parties	637,680	174,999	(94,676)
Bank indebtedness	2,124	(223)	
Proceeds from convertible debenture	5,000		

Proceeds from the sale of common stock	7,072,106		362,301
Cash Provided by Financing Activities	7,716,910	174,776	267,625
Increase (Decrease) In Cash	8,901	1,256	(18,924)
Cash Beginning of Period		7,645	163,909
Cash - End of Period	8,901	8,901	144,985
Non-Cash Investing and Financing Activities			
Warrants issued for equity line of credit	1,561,406		
Shares issued to settle debt	496,000		
Shares issued for convertible debenture	5,000		
Shares issued for intellectual property	345,251		
Shares issued and options exercised for services	101,750	5,850	5,850
Consulting services reflected as donated capital	1,035,000	37,500	37,500
Affiliate s shares issued for intellectual property	200,000		
Supplemental Disclosures			
Interest paid			
Income tax paid			

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

REGI U.S., Inc.
(A Development Stage Company)
Notes to the Consolidated Financial Statements
(Expressed in U.S. dollars)
(Unaudited)

1. INTERIM REPORTING

The accompanying unaudited interim consolidated 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 consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended April 30, 2008, as filed with the United States Securities and Exchange Commission.

The results of operations for the three-month period ended July 31, 2008 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) in the U.S. The worldwide marketing and intellectual rights, other than in the U.S., are held by Reg Technologies, Inc. (Reg), a major shareholder, which owns 12% of the Company s issued, and outstanding, stock and formerly controlled the Company by way of a voting trust arrangement, which was cancelled on April 30, 2008. 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 will fund 50%.

The Company formed a wholly-owned subsidiary, Rad Max Technologies, Inc. (Rad Max) on April 10, 2007 in the State of Washington.

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 accumulated losses of $10,860,105 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 Energy Group Inc. (Rand), a private company with officers and directors in common with the Company. Further, Rand owns approximately 9% of the shares of the Company, and may 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. The Company has an equity line of credit whereby the investor agreed to purchase up to $10,000,000 of the Company s common stock (see Note 3(e)).

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. COMMON STOCK

(a) Stock Option Plan

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.

The Company records stock-based compensation in accordance with SFAS No. 123R *Share Based Payments* , using the fair value method.

All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued.

REGI U.S., Inc.
(A Development Stage Company)
Notes to the Consolidated Financial Statements
(Expressed in U.S. dollars)
(Unaudited)

3. COMMON STOCK (Continued)

(a) Stock Option Plan (Continued)

All options granted by the Company under the 2000 Plan have the following vesting schedule:

(i) Up to twenty-five percent (25%) of the option will vest upon granting (the First Vesting);

(ii) The second twenty-five percent (25%) of the option will vest 90 days from the date of the exercise of the First Vesting (the Second Vesting);

(iii) The third twenty-five percent (25%) of the option will vest 90 days from the date of the exercise of the Second Vesting (the Third Vesting);

(iv) The fourth and final twenty-five percent (25%) of the option will vest 90 days from the date of the exercise of the Third Vesting;

(v) The options expire 60 months from the date of grant.

On April 12, 2007, the Company approved a new 2007 Stock Option Plan to issue up to 2,000,000 shares to certain key directors and employees. Pursuant to the Plan, the Company has granted stock options to certain directors and employees.

All options granted by the Company under the 2007 Plan have the following vesting schedule:

(i) The first twenty-five percent (25%) of the option will vest 90 days from the grant of the option;

(ii) The second twenty-five percent (25%) of the option will vest 1 year and 90 days from the grant of the option;

(iii) The third twenty-five percent (25%) of the option will vest 2 years and 90 days from the grant of the option;

(iv) The fourth and final twenty-five percent (25%) of the option will vest after 3 years and 90 days from the grant of the option;

(v) The options expire 60 months from the date of grant.

During the three-month period ended July 31, 2008, the Company recorded stock-based compensation of $217,556 (2007 - $217,556) as a general and administrative expense.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. The subjective input assumptions can materially affect the fair value estimate.

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

	Options #	Weighted Average Exercise Price $
Outstanding, April 30, 2007	1,888,500	1.12
Granted	25,000	1.30
Exercised	(74,500)	0.79
Outstanding, April 30, 2008	1,839,000	1.13
Granted		
Exercised	(9,000)	1.30
Outstanding, July 31, 2008	1,830,000	1.13

REGI U.S., Inc.
(A Development Stage Company)
Notes to the Consolidated Financial Statements
(Expressed in U.S. dollars)
(Unaudited)

3. COMMON STOCK (Continued)

(a) Stock Option Plan (Continued)

Additional information regarding options outstanding and exercisable as At July 31, 2008, is as follows:

Options Outstanding

Expiry Date	Exercise Price $	Shares Under Option #	Aggregate Intrinsic Value $	Weighted Average Remaining Contractual Life (in years) #
September 10, 2008	0.25	150,000	63,000	0.11
December 2, 2008	0.35	100,000	32,000	0.34
May 10, 2009	0.20	75,000	35,250	0.78
September 30, 2009	0.35	25,000	8,000	1.17
May 27, 2010	0.45	50,000	11,000	1.82
April 21, 2011	2.20	75,000		2.72
June 29, 2011	2.09	25,000		2.91
November 1, 2011	1.37	125,000		3.25
January 30, 2012	1.30	200,000		3.50
April 12, 2012	1.30	980,000		3.70
November 7, 2012	1.30	25,000		4.27
Options outstanding		1,830,000	149,250	2.92

Options Exercisable

Expiry Date	Exercise Price $	Shares Under Option #	Aggregate Intrinsic Value $	Weighted Average Remaining Contractual Life (in years) #
September 10, 2008	0.25	150,000	63,000	0.11
December 2, 2008	0.35	100,000	32,000	0.34
May 10, 2009	0.20	18,750	8,813	0.78
September 30, 2009	0.35	25,000	8,000	1.17

May 27, 2010	0.45	12,500	2,750	1.82
April 21, 2011	2.20	18,750		2.72
June 29, 2011	2.09	6,250		2.91
November 1, 2011	1.37	31,250		3.25
January 30, 2012	1.30	50,000		3.50
April 12, 2012	1.30	467,500		3.70
November 7, 2012	1.30	6,250		4.27
Options exercisable		886,250	114,563	2.51

The aggregate intrinsic value of the options exercised during the three-month period ended July 31, 2008 was $Nil.

REGI U.S., Inc.
(A Development Stage Company)
Notes to the Consolidated Financial Statements
(Expressed in U.S. dollars)
(Unaudited)

3. COMMON STOCK (Continued)

(a) Stock Option Plan (Continued)

At July 31, 2008, the Company had $1,044,431 of total unrecognized compensation cost related to non-vested stock options held by employees, which will be recognized over the vesting period. A summary of the status of the Company s non-vested stock options as of July 31, 2008, and changes during the three-month period ended July 31, 2008, is presented below:

Non-vested stock options	Stock Options #	Weighted-Average Grant-Date Fair Value $
Non-vested at May 1, 2008	1,200,000	0.87
Granted		
Modified		
Vested	(256,250)	0.85
Non-vested At July 31, 2008	943,750	0.88

(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, and amended in June 2004. On April 27, 2007, the Company further amended the Plan so that the term of the Plan is extended to the twentieth anniversary of the effective date.

(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, 2007, the Company entered into a Financial Advisory Agreement valued at $120,000 for services to be rendered over a one-year period. Part of this agreement stated that $60,000 was to be paid by issuance of the Company s shares of common stock. At the date of this obligation, 29,000 shares were issued when the value of the Company s stock was $2.07 per share. During the three-month period ended July 31, 2008, the Company charged $Nil (2007 $12,500) to operations for the pro-rata portion of stock-based compensation related to the services performed.

During the three-month period ended July 31, 2008, a consultant exercised 9,000 stock options with a fair value of $11,700 for services rendered; 50% was charged to research and development and the other 50% charged to a related party as per the agreement. (See Notes 3(f)).

(d) Share Purchase Warrants

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

	Number of Warrants	Weighted Average Exercise Price $
Balance, April 30, 2007	2,733,167	1.02
Issued	873,950	1.29
Exercised	(99,166)	0.97
Expired	(455,001)	1.00
Balance, April 30, 2008	3,052,950	1.16
Issued		
Exercised		
Expired		
Balance, July 31, 2008	3,052,950	1.16

REGI U.S., Inc.
(A Development Stage Company)
Notes to the Consolidated Financial Statements
(Expressed in U.S. dollars)
(Unaudited)

3. COMMON STOCK (Continued)

(d) Share Purchase Warrants (Continued)

At July 31, 2008, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price $	July 31, 2008 #	April 30, 2008 #
October 15, 2009	1.50	40,000	40,000
November 17, 2011	1.00	2,059,000	2,059,000
February 21, 2012	1.50	120,000	120,000
July 30, 2012	1.50	579,950	579,950
October 4, 2012	1.50	32,000	32,000
November 7, 2012	1.50	76,000	76,000
December 17, 2012	1.50	95,000	95,000
February 14, 2013	1.50	51,000	51,000
Warrants outstanding		3,052,950	3,052,950

(e) On November 17, 2006, the Company entered into a Securities Purchase Agreement (equity line of credit), whereby an investor agreed to purchase up to $10,000,000 of the Company s common stock over a term of 36 months at the Company s discretion. Each purchase will be for a minimum of $150,000 and up to a maximum of the lessor of $750,000, or 200% of the average weighted volume for the Company s common stock for the 20 trading days prior to the date of purchase. Each purchase will be at a 15% discount to the market price of the Company s common stock over the 10 trading days prior to the purchase.

In connection with the equity line of credit, the Company issued to the investor a warrant (Investor warrant) to purchase 1,000,000 shares of the Company s common stock at $1.30 per share (the Exercise Price) for five years, and to an agent a warrant (Placement warrant) to purchase 640,000 shares of the Company s common stock at $1.30 per share for five years. If the Company fails to register the shares issuable upon the exercise of the Investor or Placement warrant, the holder is entitled to exercise the warrant and receive, for no consideration, a certificate equal to the number of shares obtained by subtracting the Exercise Price of the warrant for the volume weighted average price on the trading day immediately preceding the date of such election and multiplying that amount by the number of shares issuable upon the exercise of the warrant.

The Company filed an SB-2 Registration Statement with the United States Securities and Exchange Commission that was declared effective February 9, 2007, to register shares of common stock potentially issuable under this equity line of credit (6,160,000 shares) and the related warrants (1,640,000 shares).

Pursuant to the agreement, if the Company issues any common stock, or rights to acquire common stock at a price less than the Exercise Price, the Exercise Price will be adjusted to the lower price. In addition, the number of shares issuable will be increased such that the aggregate exercise price after adjustment is equal to the aggregate exercise price prior to adjustment.

Subsequent to the issuance of the warrants, the Company completed an equity financing at $1 per share. The issuance of the Company s common shares lowered the Exercise Price of the Investor warrants to $1 and increased the number of shares issuable upon exercise of the warrants to 2,132,000 shares, of which 73,000 have been exercised. The Company recognized the change in fair value of the warrants of $222,681 as share issuance costs.

The Company has determined that, in accordance with SFAS 133, *Accounting for Derivative Instruments and Fair Value Hedges* , the warrants are not derivative instruments and, accordingly, guidance in EITF 00- 19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock* , relating to net cash settlement versus net share settlement should be followed. The contract permits the Company to settle in unregistered shares, the Company has a sufficient number of unissued authorized shares available to settle the contract, and there is an explicit limit on the number of shares to be delivered in a share settlement. As the issuance of shares and, thus, the modification of the exercise price is wholly under the control of the Company and the Company has the ability to control net-settlement, these warrants have been classified as equity and their fair value of $1,338,725 has been recognized as share issuance costs.

REGI U.S., Inc.
(A Development Stage Company)
Notes to the Consolidated Financial Statements
(Expressed in U.S. dollars)
(Unaudited)

3. COMMON STOCK (Continued)

(f) During the three-month period ended July 31, 2008, the Company issued 9,000 shares at $1.30 per share upon the exercise of stock options for services rendered with a fair value of $11,700.

REGI U.S., Inc.
(A Development Stage Company)
Notes to the Consolidated Financial Statements
(Expressed in U.S. dollars)
(Unaudited)

7. 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 No. 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 consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* . SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental 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 consolidated 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 No. 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 consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141R, *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. 141R requires an acquirer to recognize the assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at the acquisition date, measured at their fair values as of that date. SFAS No. 141R 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 consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements Liabilities an Amendment of ARB No. 51*. This statement amends ARB No. 51 to establish accounting and reporting standards for the Non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. 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 future reported financial position or results of operations.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION OR RESULTS OF OPERATIONS.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q constitute "forward-looking statements." These statements, identified by words such as plan, "anticipate," "believe," "estimate," "should," "expect" and similar expressions include our expectations and objectives regarding our future financial position, operating results and business strategy. These statements reflect the current views of management with respect to future events and are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from those described in the forward-looking statements. Such risks and uncertainties include those set forth in our 10-KSB for the fiscal year ended April 30, 2008. We do not intend to update the forward-looking information to reflect actual results or changes in the factors affecting such forward-looking information. We advise you to carefully review the reports and documents we file from time to time with the Securities and Exchange Commission (the SEC), particularly our Annual Reports on Form 10-KSB or Form 10-K, our Quarterly Reports on Form 10-QSB or Form 10-Q and our Current Reports on Form 8-K.

As used in this Quarterly Report, the terms "we," "us," "our, and REGI mean REGI U.S., Inc. unless otherwise indicated. All dollar amounts in this Quarterly Report are in U.S. dollars unless otherwise stated.

CORPORATE BACKGROUND

We were organized under the laws of the State of Oregon on July 27, 1992 as Sky Technologies, Inc. On August 1, 1994, our name was officially changed by a vote of a majority of our shareholders to REGI U.S., Inc. We are controlled by Rand Energy Group Inc., a privately held British Columbia corporation ("Rand Energy") which holds approximately 8.9% of the common shares of REGI. Rand Energy is controlled 51% by Reg Technologies Inc., a publicly held British Columbia corporation ("Reg Tech"). Reg Tech holds approximately 12% of the common shares of REGI.

We are engaged in the business of developing and building an improved axial vane-type rotary engine known as the Rand Cam/Direct Charge Engine ("RC/DC Engine" or RadMax / Rand Cam), which is a variation of the Rand Cam Rotary Engine, an axial vane rotary engine ("Original Engine"). The worldwide intellectual and marketing rights to the RC/DC Engine, exclusive of the United States, are held by Reg Tech. 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 Tech will fund 50%.

Our principal offices are located at 240-11780 Hammersmith Way, Richmond, British Columbia V7A 5E9, Canada. Our telephone number is (604) 278-5996 and our facsimile number is (604) 278-3409. Our website is www.regtech.com.

OVERVIEW

The following discussion of our financial condition, changes in financial condition and results of operations for the three-month period ended July 31, 2008 and July 31, 2007 should be read in conjunction with our most recent audited annual consolidated financial statements for the financial year ended April 30, 2008, the unaudited interim consolidated financial statements included herein, and, in each case, the related notes.

The Company is developing for commercialization an improved axial vane type rotary engine known as the Rand Cam /RadMax® rotary technology used in the design of lightweight and high efficiency engines, compressors and pumps. The RadMax® engine has only two moving parts, the vanes (up to 12) and the rotor, compared to the 40 moving parts in a simple four-cylinder piston engine. This design makes it possible to produce up to 24 continuous power impulses per one rotation that is vibration-free and extremely quiet. The RadMax® engine also has multi-fuel capabilities allowing it to operate on fuels including gasoline, natural gas, hydrogen, propane and diesel. REGI U.S., Inc. and its parent company, Reg Technologies Inc., are currently designing and testing prototype RadMax® diesel engines, compressors and pumps intended for aviation, automotive, industrial processes and military applications.

The Company formed a wholly-owned subsidiary, Rad Max Technologies, Inc. (Rad Max) on April 10, 2007 in the State of Washington. Rad Max hopes to win military contracts for custom versions of the RC/DC Engine. The accounts of the subsidiary are incorporated in the accounts of the Company as at July 31, 2008.

The world-wide marketing and intellectual rights, other than the U.S., are held by Rand Energy Group Inc. 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 Rand Cam Engine and Rand Energy Group Inc. will fund 50%. REGI U.S., Inc. is a development stage company. 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 $434,518 and has accumulated losses of $10,860,105 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.

PLAN OF OPERATION

The following contains forward-looking statements relating to revenues, expenditures and sufficiency of capital resources. Actual results may differ from those projected in the forward-looking statements for a number of reasons, including those described in this quarterly report.

The consolidated financial statements for the three months ended July 31, 2008 have been prepared assuming that the Company will continue as a going-concern. As discussed in note 2 to the financial statements, the Company has no revenues and limited capital, which together raise substantial doubt about its ability to continue as a going-concern. Management s plans in regard to these matters are also described in note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

RESULTS OF OPERATIONS

Three months ended July 31, 2008 (2008) compared to the three months ended July 31, 2007 (2007)

Summary

	Three Months Ended July 31,		
	2008 $	2007 $	Percentage Increase / (Decrease) %
Revenue	Nil	Nil	N/A
Expenses	(431,418)	(569,890)	(24.3)
Interest Income	Nil	Nil	N/A
Net Income (Loss)	(431,418)	(569,890)	(24.3)

Expenses

Our expenses for the three months ended July 31, 2008 and 2007 consisted of the following:

	Three Months Ended July 31,		
	2008 $	2007 $	Percentage Increase / (Decrease) %
Amortization	Nil	Nil	N/A
Management fees	Nil	Nil	N/A
General and administrative:	401,813	527,912	(23.9)
Accounting and legal	57,846	64,859	(10.8)
Consulting fees	49,032	57,129	(14.2)
Investor relations	35,665	74,151	(51.9)
Other	233,509	285,620	(27.3)
Wages and benefits	25,761	46,153	(44.2)
Research and development	29,605	41,978	(29.5)
Total	431,418	569,890	(24.3)

The decrease of $126,099 in our administrative expenses for the three months ended July 31, 2008 as compared to the three months ended July 31, 2007 was mainly attributable to the decrease in the above noted expenses (accounting and legal, consulting fees, investor relations, and wages and benefits).

Research and development expenses decreased to $29,605 in 2008 as compared to $41,978 in 2007.

Revenues

We did not earn any revenues from product licensing during the three months ended July 31, 2008. We do not expect to earn any other sources of revenue in the near future.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

	At July 31, 2008	At April 30, 2008
Current Assets	$ 9,424	$ 8,517
Current Liabilities	(443,942)	(278,373)
Working Capital (Deficit)	$ (434,518)	$ (269,856)

Cash Flows

	Three Months Ended July 31,	
	2008	2007

Cash Flows (Used In) Operating Activities	$	(173,520)	$	(286,549)
Cash Flows (Used In) Investing Activities		-		-
Cash Flows From Financing Activities		174,776		267,625
Net Increase (Decrease) In Cash During Period	$	1,256	$	(18,924)

During the three months ended July 31, 2008, we financed our operations from advances from related parties in the amount of $174,999. These amounts are unsecured, non-interest bearing and due on demand.

As at July 31, 2008, we had a working capital deficit of $434,518. Working capital is not adequate to meet development costs for the next twelve months.

Financing Requirements

We will require additional financing if we are to continue as a going concern. We anticipate that any external financing that we are able to obtain will be through the sale of our common stock or other equity based securities. We do not have any arrangements in place for the sale of any of our securities and there is no assurance that we will be able to raise the additional capital that we require to continue operations.

The Company plans to raise funds through loans from Rand Energy Group Inc. (Rand), a private company with officers and directors in common with the Company. Further, Rand owns approximately 9% of the shares of the Company, having an approximate current market value of $1,666,318 as at July 31, 2008, and may 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. The Company has an equity line of credit whereby the investor agreed to purchase up to $10,000,000 of the Company s common stock. (See Note 3(e) to our financial statements). The Company may also raise additional funds through the exercise of warrants and stock options, if exercised.

We have been successful in the past in acquiring capital through the issuance of shares of our Common Stock, and through advances from related parties.

We anticipate that our cash requirements for the next twelve months ending July 31, 2009 will remain consistent with those for the previous twelve months.

OFF-BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

CRITICAL ACCOUNTING POLICIES

We have identified certain accounting policies, described below, that are most important to the portrayal of our current financial condition and results of operations. Our significant accounting policies are disclosed in Note 2 to our audited consolidated financial statements for the fiscal year ended April 30, 2008, filed with our 10-KSB on August 7, 2008.

(a) Use of Estimates

The preparation of consolidated financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company regularly evaluates estimates and assumptions related to useful life and recoverability of long-lived assets, stock-based compensation and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities, and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

(b) Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

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 No. 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 consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*. SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental 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 consolidated 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 No. 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 consolidated financial statements.

In December 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 141R, *Business Combinations*. This statement replaces SFAS 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 141R requires an acquirer to recognize the assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at the acquisition date, measured at their fair values as of that date. SFAS 141R 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 consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements Liabilities an Amendment of ARB No. 51*. This statement amends ARB 51 to establish accounting and reporting standards for the Non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. 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 future reported financial position or results of operations.

Progress Report from May 1, 2008 to September 5, 2008

On June 23, 2008 we announced that based on a recent independent engineering assessment, the RadMax® diesel engine will use 20% less fuel than a gasoline engine, and 50% less fuel than a turboprop jet engine. The engineering assessment, performed by an independent company to evaluate the RadMax® technology, states The RadMax® Diesel Engine Specific Fuel Consumption (SFC) will be less than 0.4 lb/hp/hr.

The SFC is a useful parameter for engine comparisons. The SFC is the fuel flow rate per unit power (P) output, expressed as: SFC = mf / P. To calculate the mass flow (mf), the mass of fuel is required. As an example, for gasoline, 1 litre = 740 g (and 1 US gal = 6.17 lb). Typical average values of SFC for spark ignition, gasoline reciprocating piston engines are 305 g/kW/h = 227 g/hp/h = 0.5 lb/hp/hr. For a turboprop engine, the typical value is 0.8 lb/hp/hr.

From these calculations, the RadMax® diesel engine uses 20% less fuel than a gasoline (petrol) engine (0.4 vs. 0.5), and half of a turboprop jet engine (0.4 vs 0.8) .

On July 28, 2008 we announced that an independent research firm, Emerging Issuer Growth Report, and its writer Ana Pastorfide, prepared a research report for REGI U.S., Inc. and Reg Technologies, Inc. on the RadMax® rotary engine. An interview of John Robertson, our President and CEO can also be viewed on www.emergingissuer.com.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is a smaller reporting company and is not required to provide the disclosure under this item.

ITEM 4(T). CONTROLS AND PROCEDURES.

(a) Disclosure controls and procedures.

We carried out an evaluation, under the supervision and with the participation of our management, including the President and Chief Executive Officer, and the Chief Financial Officer, of the effectiveness of the design and operation of our “disclosure controls and procedures” [as defined in the Exchange Act Rule 13a-15(e)] as of the end of the period covered by this report. Based upon the evaluation of the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report, our officers concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable, and not absolute assurance, of achieving the desired control objectives, and management necessarily was required to apply its judgement in evaluating the cost-benefit relationship of possible controls and procedures.

(b) Changes in internal control over financial reporting.

There was no significant change in our internal control over financial reporting that occurred during the three months ended July 31, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Nor were there any significant deficiencies or material weaknesses in our internal controls requiring corrective actions.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS.

The Company is a smaller reporting company and is not required to provide the disclosure under this item.

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

None.

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

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 and Chief Executive Officer (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 Operating Officer and 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

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: September 15, 2008	REGI U.S., INC.	
	By:	*/s/ John G. Robertson* John G. Robertson, President and Chief Executive Officer (Principal Executive Officer)
	By:	*/s/ James Vandeberg* James Vandeberg, Chief Operating Officer and Chief Financial Officer (Principal Financial Officer)