REGI U S INC
Form 10-Q
March 21, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

x Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended January 31, 2012

o Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period __________ to __________

Commission File Number 0-23920

REGI U.S., INC.
(Exact name of Small Business Issuer as specified in its charter)

Oregon (State or other jurisdiction of incorporation or organization)	91-1580146 (IRS Employer Identification No.)
#240 – 11780 Hammersmith Way Richmond, BC, Canada (Address of principal executive offices)	V7A 5A9 (Postal or Zip Code)
Issuer's telephone number, including area code:	(604) 278-5996

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

Indicate by check mark whether the registrant (1) has 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.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its Web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

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 definition of ‘‘accelerated filer and large accelerated filer’’ in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer	o	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 o No x

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: 28,824,291 shares of common stock with no par value outstanding as of March 21, 2012.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	January 31, 2012	April 30, 2011
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 345	$ 435
Prepaid expenses	6,014	-
Total Assets	$ 6,359	$ 435
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 216,910	$ 185,746
Due to related parties	1,498,234	1,306,300
Derivative liabilities	-	72,415
Total Current Liabilities	1,715,144	1,564,461
Stockholders' Deficit:		
Common stock, 100,000,000 shares authorized, no par value,		
28,821,291 and 28,749,824 shares issued and outstanding,		
respectively	9,369,271	9,218,451
Deficit accumulated during the development stage	(11,078,056)	(10,782,477)
Total Stockholders' Deficit	(1,708,785)	(1,564,026)
Total Liabilities and Stockholders' Deficit	$ 6,359	$ 435

The accompanying notes are an integral part of these unaudited consolidated financial statements.

REGI U.S., Inc.
(A Development Stage Company)
Consolidated Statements of Expenses
(Unaudited)

	Three Months Ended January 31, 2012	Three Months Ended January 31, 2011	Nine Months Ended January 31, 2012	Nine Months Ended January 31, 2011	July 27, 1992 (Inception) Through January 31, 2012
Operating Expenses:					
Amortization	$-	$-	$-	$-	$130,533
General and administrative	82,684	84,578	257,236	343,960	8,814,660
Impairment loss	-	-	-	-	72,823
Gain on settlement of accounts payable	-	-	-	-	(200,351)
Research and development	29,619	23,982	110,708	80,992	4,641,037
Loss from Operations:	(112,303)	(108,560)	(367,944)	(424,952)	(13,458,702)
Other Income (Expense):					
Interest expense	(50)	-	(50)	-	(50)
Gain on change in fair value of derivative liabilities	-	119,744	72,415	298,415	280,488
Other Income (Expense)	(50)	119,744	72,365	298,415	280,438
Net income (loss)	$(112,353)	$11,184	$(295,579)	$(126,537)	$(13,178,264)
Net income (loss) per share – basic	$(0.00)	$0.00	$(0.00)	$(0.00)	
Net income (loss) per share – diluted	$(0.00)	$0.00	$(0.00)	$(0.00)	
Weighted average shares outstanding – basic	28,818,000	28,735,000	28,781,000	28,726,000	
Weighted average shares outstanding – diluted	28,818,000	28,736,000	28,781,000	28,726,000	

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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

	Nine Months Ended January 31, 2012	Nine Months Ended January 31, 2011	July 27, 1992 (Inception) Through January 31, 2012
Cash flows from operating activities:			
Net Loss	$(295,579)	$(126,537)	$(13,178,264)
Adjustments to reconcile net loss to net cash used in operating activities:			-
Amortization	-	-	130,533
Donated services	112,500	112,500	1,560,000
Impairment loss	-	-	72,823
Shares issued for services	31,200	35,100	425,000
Options expense	-	66,057	1,440,294
Amortization of deferred compensation	-	-	373,795
Gain on settlement of accounts payable	-	-	(200,351)
Gain on change in fair value of derivative liabilities	(72,415)	(298,415)	(280,488)
Write-off of intellectual property			578,509
Changes in operating assets and liabilities:			
Accounts receivable	-	-	(3,000)
Prepaid expenses	(6,014)	(32,596)	(6,014)
Accounts payable and accrued liabilities	31,164	2,818	425,417
Net cash used in operating activities	(199,144)	(241,073)	(8,661,746)
Cash flows from investing activities:			
Patent protection costs	-	-	(38,197)
Advances to related parties	-	-	(260,136)
Collection of advances to related parties	-	4,413	260,136
Purchase of equipment	-	-	(198,419)
Net cash provided by (used in) investing activities	-	4,413	(236,616)
Cash flows from financing activities			
Advances from related parties	191,934	243,217	1,809,481
Bank indebtedness	-	(4,736)	-
Proceeds from convertible debentures	-	-	5,000
Proceeds from the exercise of options	-	-	5,000
Proceeds from the sale of common stock	7,120		7,079,226
Net cash provided by financing activities	199,054	238,481	8,898,707
Net change in cash and cash equivalents	(90)	1,821	345
Cash and cash equivalents, beginning of period	435	1,158	-
Cash and cash equivalents, end of period	$345	$2,979	$345
Supplemental Disclosures:			

Interest paid	$-	$-	$-
Income tax paid	-	-	-
Non-Cash Investing and Financing Activities:			
Warrants issued for equity line of credit	$-	$-	$1,561,406
Cumulative effect of change in accounting principal	-	-	280,488
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

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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

NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of REGI U.S., Inc. ("REGI" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission, and should be read in conjunction with the audited financial statements and notes thereto for the year ended April 30, 2011 filed on Form 10-K with the SEC. In the opinion of management, the accompanying unaudited interim consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial position and the results of operations for the interim period presented herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year or for any future period. Notes to the unaudited consolidated financial statements which would substantially duplicate the disclosures contained in the audited consolidated financial statements for fiscal 2011 as reported in Form 10-K, have been omitted.

Derivative Financial Instruments

REGI does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. REGI evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported as charges or credits to income. For option-based derivative financial instruments, REGI uses the Black-Scholes option-pricing model to value the derivative instruments at inception and subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

Fair Value Measurements

Effective January 1, 2008, REGI adopted FASB ASC 820, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

As defined in FASB ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). REGI utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. REGI classifies fair value balances based on the observability of those inputs. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy defined by FASB ASC 820 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, marketable securities and listed equities. Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reported date.

Level 2 - Includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category generally include non-exchange-traded derivatives such as commodity swaps, interest rate swaps, options and collars.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

The following table sets forth by level within the fair value hierarchy REGI's financial assets and liabilities that were accounted for at fair value as of January 31, 2012 and April 30, 2011.

Recurring Fair Value Measures	Level 1	Level 2	Level 3	Total
January 31, 2012				
LIABILITIES:				
Derivative liabilities	$ -	$ -	$ -	$ -
April 30, 2011				
LIABILITIES:				
Derivative liabilities	$ -	$ -	$ 72,415	$ 72,415

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The following table provides a summary of the changes in fair value, including net transfers in and/or out, of the derivative financial instruments measured at fair value on a recurring basis using significant unobservable inputs during the nine months ended January 31, 2012 and 2010:

	Nine months Ended October 31, 2011	Nine months Ended October 31, 2010
Fair value at beginning of period	$ 72,415	$ 395,122
Unrealized gain included in other income (expenses)	(72,415)	(298,415)
Fair value at end of period	$ -	$ 96,707

NOTE 2. GOING CONCERN

REGI incurred net losses of $295,579 for the nine months ended January 31, 2012, has a working capital deficit of $1,708,785 and an accumulated deficit during the development stage of $11,078,056 at January 31, 2012. These factors raise substantial doubt about the ability of REGI to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. As a result, REGI's consolidated financial statements as of January 31, 2012 and for the nine months ended January 31, 2012 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business.

REGI 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. REGI may also raise additional funds through the exercise of warrants and stock options, if exercised. There is no assurance that any of these activities will be successful.

NOTE 3. RELATED PARTIES

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand. Related parties consist of companies controlled or significantly influenced by the President of REGI. As of January 31, 2012, there was no balance due from related parties and $1,498,234 due to related parties. As of April 30, 2011, there was no balance due from related parties and $1,306,300 due to related parties. There is no right of offset associated with these payables and receivables.

As part of an agreement with a professional law firm in which a partner of the firm is an officer and director of REGI, REGI agreed to pay a cash fee equal to 5% of any financings with parties introduced to REGI by the law firm. REGI also agreed to pay an equity fee equal to 5% of the equity issued by REGI to parties introduced by the law firm, in the form of options, warrants or common stock. During the nine months ended January 31, 2012 and 2011, no legal services have been charged to the Company by the law firm.

During the nine months ended January 31, 2012, the President, CEO and director of REGI provided consulting services to REGI valued at $67,500, which were accounted for as donated capital and charged to expense during the period. A similar amount was recorded in the nine months period ended January 31, 2011.

During the nine months period ended January 31, 2012, the Vice President and director of REGI provided consulting services to REGI valued at $22,500, which were accounted for as donated capital and charged to expense during the period. A similar amount was recorded in the nine months period ended January 31, 2011.

During the nine months period ended January 31, 2012, the CFO, COO and director of REGI provided consulting services to REGI valued at $22,500, which were accounted for as donated capital and charged to expense during the period. A similar amount was recorded in the nine months period ended January 31, 2011.

During each of nine months periods ended January 31, 2012 and 2011, management fees of $22,500 were accrued to a company having a common director.

During each of nine months periods ended January 31, 2012 and 2011, project management fees of $56,250 were paid to a company having common officers and directors.

During the nine months ended January 31, 2012 the Company issued a promissory note of $24,000 for amounts previously accrued and owed to a company with common director with the Company. The promissory note bears interest rate of 6% per annum, is unsecured and due on demand. During the nine months ended January 31, 2011, interest expense of $50 was recorded on the promissory note. The principal balance of the note is included in “Due to related parties” in the consolidated balance sheet.

REGI currently utilizes office space in a commercial business park building located in Richmond, British Columbia, Canada, a suburb of Vancouver, shared by several companies related by common officers and directors.

NOTE 4. STOCKHOLDERS’ EQUITY

a) Common Stock Options and Warrants

During each of nine months periods ended January 31, 2012 and 2011, the Company recorded stock-based compensation associated with options and warrants of $0 and $66,057, respectively. At January 31, 2012 and April 30, 2011, the Company had $78,997 and $416,014, respectively, of total unrecognized compensation cost related to non-vested stock options and warrants, which will be recognized over future periods.

A summary of REGI’s stock option activity for the nine months ended January 31, 2012 is as follows:

	January 31, 2012	
	Options	Weighted Average Exercise Price
Outstanding at beginning of period	1,156,000	$ 0.52
Granted	-	-
Exercised	(24,000)	1.30
Expired	(25,000)	0.50
Forfeited	(75,000)	0.50
Outstanding at end of period	1,032,000	$ 0.50
Exercisable at end of period	863,250	$ 0.52
Weighted average fair value of options granted		$ -

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At January 31, 2012, the range of exercise prices and the weighted average remaining contractual life of the outstanding options was $0.20 to $1.30 per share and 0.65 year, respectively. The intrinsic value of "in the money" options at January 31, 2012 was zero.

At April 30, 2011, the range of exercise prices and the weighted average remaining contractual life of the outstanding options was $0.20 to $1.30 per share and 1.35 years, respectively. The intrinsic value of "in the money" options at April 30, 2011 was zero.

A summary of REGI's common stock warrant activity for nine months ended January 31, 2012 is as follows:

	January 31, 2012	
	Warrants	Weighted Average Exercise Price
Outstanding at beginning of period	3,517,950	$ 1.13
Granted or issued	-	-
Exercised	-	-
Expired	(2,414,000)	1.03
Outstanding at end of period	1,103,950	$ 1.35
Exercisable at end of period	1,103,950	$ 1.35
Weighted average fair value of warrants granted		$ -

At January 31, 2012, the range of exercise prices and the weighted average remaining contractual life of the outstanding warrants was $0.25 to $1.50 per share and 0.65 year, respectively. The intrinsic value of "in the money" exercisable warrants at January 31, 2012 was zero.

At April 30, 2011, the range of exercise prices and the weighted average remaining contractual life of the outstanding warrants was $0.25 to $1.50 per share and 0.83 year, respectively. The intrinsic value of "in the money" exercisable warrants at April 30, 2011 was zero.

b) Non-Cash Consideration

During the nine months ended January 31, 2012, a consultant exercised 24,000 common stock options and received 24,000 shares. The exercise price for these options totaled $31,200. REGI accepted services in lieu of cash for the exercise price, which resulted in additional expense of $31,200 for services rendered.

c) Sold for cash

During the nine months ended January 31, 2012, the Company received gross proceeds of $7,120 for the sale of 47,467 shares of common stock at $0.15 per share.

NOTE 5. WARRANT DERIVATIVES

Effective May 1, 2009, ASC 815-15 establishes a procedure to determine if an equity-linked financial instrument (or embedded feature) is indexed to its own common stock. 2,059,000 of REGI's warrants that were previously classified in equity were reclassified to derivative liabilities on May 1, 2009 due to the presence of a reset feature that allows for a reduction in the strike price of the warrant in the event that REGI issues similar instruments at a lower strike price in a future period. REGI estimated the fair value of these liabilities as of May 1, 2009 to be $280,488 and recorded a decrease of $2,380,696 to Additional Paid-in Capital and a reduction of $2,100,208 to Accumulated Deficit.

These warrants expired during the nine months ended January 31, 2012. As a result, the fair value of the warrants at January 31, 2012 was $0 resulting in a gain on the decrease in fair value of derivatives of $72,415 for the nine months ended January 31, 2012.

REGI evaluated all other outstanding warrants under FASB 815-15 and determined that they did not qualify as derivatives.

NOTE 6. SUBSEQUENT EVENTS

During March, 2012, a consultant exercised 3,000 warrants and received 3,000 common shares. The exercise price for these warrants totaled $3,900, which was offset against the balance owed to the consultant in lieu of cash paid to REGI.

On March 5, 2012 the Company issued 200,000 warrants for consulting services exercisable into the Company's common stock at $0.25 per share on or before January 10, 2017.

Item 2. Management's Discussion and Analysis of Financial Condition and 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-K for the fiscal year ended April 30, 2011. 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-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K.

All dollar amounts in this Quarterly Report are in U.S. dollars unless otherwise stated.

Plan of Operation

We are a development stage company engaged in the business of developing and building an improved axial vane-type rotary engine known as the RadMax® rotary technology (the “RadMax® Engine”), used in the design of lightweight and high efficiency engines, compressors and pumps. We have a project cost sharing agreement, whereby the further development of the RadMax® Engine will be funded equally by us and by Reg Technologies Inc. (“Reg Tech”), a public company listed for trading on the TSX Venture Exchange. Reg Tech holds approximately 11% of our issued and outstanding shares.

Our plan of operation for the twelve months following the date of this report is to continue our research and development on the technology. During the next 12 months we are committed to expend an aggregate of $360,000 for research and development activities, identified as master design integrator, prototype fabrication, and labor expense, estimated at $30,000 each over the next 12 months.

As well, we anticipate spending an additional $300,000 for general and administrative expenses, including fees we will incur in complying with reporting obligations. Total expenditures over the next 12 months are therefore expected to be $25,000 per month.

We have not yet produced any revenues and have suffered recurring operating losses. As of January 31, 2012, we had a working capital deficit of $1,708,785, compared to a working capital deficit of $1,564,026 as at April 30, 2011, and an accumulated deficit of $11,078,056 as of January 31, 2012. Further losses are expected until we enter into a licensing agreement with a manufacturer and reseller. At January 31, 2012, our only assets are cash of $345 and prepaid expenses of $6,014.

Results of Operations for the Nine Months Ending January 31, 2012 Compared to the Nine Months Ended January 31, 2011

We incurred a net loss of $295,579 during the nine months ended January 31, 2011, compared to a net loss of $126,537 during the nine months ended January 31, 2011, resulting in an increase in net loss of $169,042.

This significant increase in net loss was due to the decrease in gain on the change in fair value of derivative liability from $298,415 in 2011 to $72,415 in 2012.

Research and development expenses increased from $80,992 in 2011 to $110,708 in 2012, as the Company reached different stages of research during the two periods.

In addition, during the nine months ended January 31, 2012 we continued our efforts to streamline our operations and reduced our general and administrative expenses from $343,960 in 2011 to $257,236 in 2012. Detailed changes are as follows:

- Professional fees including legal, accounting, audit and auditors' review expenses decreased from $41,432 in 2011 to $30,219 in 2012;

- Shareholder communication and investor relations expenses decreased from $39,467 in 2011 to $17,536 in 2012 due to management's efforts in utilizing more cost effective channels communicating with investors and potential investors;

- Office and administrative expenses decreased from $58,180 in 2011 to $55,210 in 2012;

- Travel expenses decreased from $5,594 in 2011 to $0 in 2012 due to reduced travel by research and development personnel as well as by management for fund raising.

However, the following two expenses increased from 2011 to 2012:

- Consulting and management fees increased from $122,080 in 2011 to $141,066 in 2012 due to increased consulting services in 2012 on regulatory compliance;

- Transfer agent and filing fees increased from $8,816 in 2011 to $13,292 in 2012 due to increased equity activity and additional filing requirement by the SEC.

During 2011 we recorded stock based compensation of $66,057 for options vested ruing the period; no such expense is recorded in 2012 because no options vested during the period.

We have not attained profitable operations and are dependent upon obtaining financing to pursue exploration activities. For these reasons our auditors believe that there is substantial doubt that we will be able to continue as a going concern.

Liquidity and Capital Resources

During the nine months ended January 31, 2012, facing the continuing difficulties in the world financial market, we financed our operations mainly through net proceeds of $191,934 advanced from related parties. We also raised $7,120 as gross proceeds of subscriptions for 47,467 shares of our common stock at $0.15 per share.

We received funding in 2012 from our affiliated companies Reg Technologies Inc., a public company with common director and officer and its 51% owned subsidiary Rand Energy Group Inc., The total amount owed to related parties is $1,498,234 or 87.4% of total liabilities as of January 31, 2012. This funding was necessary with a downturn in the financial market to complete the RadMax® Engine and place us in a position to attain profit. The balances owing to related parties are non-interest bearing, unsecured and repayable on demand. Our affiliated companies have indicated that they will not be demanding repayment of these funds during the next fiscal year and will advance, or pay expenses on our behalf.

We also plan to raise additional capital through debt and/or equity financings. We cannot provide any assurance that additional funding will be available to finance our operations on acceptable terms in order to enable us to complete our plan of operations. There are no assurances that we will be able to achieve further sales of our common stock or any other form of additional financing. If we are unable to achieve the financing necessary to continue our plan of operations, then we will not be able to continue the development of our RadMax® Engine and our business will fail.

Off-Balance Sheet Arrangements

We have 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 that is material to our stockholders.

Critical Accounting Policies

We have identified certain accounting policies that are most important to the portrayal of our current financial condition and results of operations. Our significant accounting policies are disclosed in Note 1 of the consolidated financial statements for the nine months ended January 31, 2012, attached hereto.

Contractual Obligations

We do not currently have any contractual obligations requiring any payment obligation from us.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures

Based upon an evaluation of the effectiveness of our disclosure controls and procedures performed by our management, with participation of our Chief Executive Officer and our Chief Financial Officer as of the end of the period covered by this report, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were not effective due to inadequate segregation of duties.

As used herein, “disclosure controls and procedures” mean controls and other procedures of our company that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

We are taking steps to enhance and improve the design of our disclosure controls. During the period covered by this interim report, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we need to appoint additional qualified personnel to address inadequate segregation of duties, and adopt sufficient written policies and procedures for accounting and financial reporting. These remediation efforts are largely dependent upon securing additional financing to cover the costs of implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be adversely affected.

(b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended January 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II- OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any pending legal proceeding. Management is not aware of any threatened litigation, claims or assessments.

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. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

Item 5. Other Information

From May 1, 2011 to the date of this report, REGI and Reg Technologies Inc. have the following announcement on the progress of our RadMax technologies:

During May, 2011 we received our second fabrication progress report for the prototype RadMax™ Diesel Engine whereby we estimated that approximately one-third of all fabrication work was complete. The fabrication progress in May was as follows:

- The Rotors have completed their first-pass rough turning process within .030-inch of final. As of this report, the following Rotor fabrication operations have been completed: Outer surface, Neck, Driveshaft Slot, and Combustion Chamber.
- The Cams have completed their initial rough turning passes. The reason for the two pass turning process is because the metal “moves” (stretches or deforms) after the machining process. To maintain our high-tolerance requirements, the two-passes are required.
    - Fabrication of the 24 Vane-Actuator assemblies is complete. This includes completion of the Vanes, Connecting Tubes, Axles, Wheels, Wrist Pins, and integration with commercial wheel bearings.

During August, 2011 we had successful transfer directly from 3D cad model to CNC machine code for the prototype RadMax™ Diesel Engine.

This was a significant event, as we proved our capability to go from 3D computer models of the cam surface to deriving the cutter path for the CNC milling center and fabricating the complex cam surface. Consultants at Path Technologies believe that 95% of the fabrication of the parts is estimated to be completed by early September 2011. In prior technological stages, machine readable flat files comprised of many thousands of points with x, y, and z coordinates were required to be loaded into CNC machines with the process verified with human-entered corrections and multiple test pieces fabricated before a final prototype product was achieved.

This successful transfer applies directly to the RadMax cam and stator surfaces; both of which are implementations of complex transcendental formulas.

A detailed thermodynamic analysis of the patented RadMax engine was performed last year in conjunction with Belcan Engineering Services. As a result, the cam is fabricated from lightweight aircraft Aluminum and weighs approximately 12 pounds. This is in sharp contrast to earlier implementations in steel that weighed more than 50 pounds each. This capability is one of the major contributing factors to RadMax engine weight reduction, which naturally leads to enhanced fuel economy in every application.

On September 29, 2011 we announced that they have integrated a rotary union into the RadMax™ fabrication process, to reduce temperature in the RadMax™ demonstration model. This device allows us to provide continuous high-pressure lubrication and cooling oil to moving and rotating parts of RadMax, thus allowing the engine to operate at a lower temperature. Oil is injected by this device into a hollow driveshaft, with exit ports inside the rotor. This in turn allows us to use lighter components made from Aluminum which further reduces the weight of the engine.

On November 22, 2011 we announced that they have completed fabrication of the RadMax™ drive shaft for the demonstration model. The drive shaft is similar to a crank shaft in a reciprocating engine as it delivers rotational power to the transmission; however, the center is hollow and provides a path for oil to cool rotating components. The drive shaft works in conjunction with the rotary union. The detailed thermodynamic analysis of the patented RadMax engine was performed last year in conjunction with Belcan Engineering Services of Phoenix, AZ. As a result, a design decision was finalized to create a hollow drive shaft to provide a means to lubricate internal rotating components. Without this device, the internal engine heat would make adoption of aluminum components impossible. By reducing heat, and weight, this leads to enhanced fuel economy in every RadMax™ application. The drive shaft features include mounting provisions for the Rotary Union, Shaft Lock Nut which preloads the Rotor, main bearings, and tight pilots for securing the rotor in position. It includes key slots for securing the load to RadMax (such as a transmission).

Item 6. Exhibits and Report on Form 8-K

(a) Exhibit(s)

31.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS **	XBRL Instance Document
101.SCH **	XBRL Taxonomy Extension Schema Document
101.CAL **	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF **	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB **	XBRL Taxonomy Extension Label Linkbase Document
101.PRE **	XBRL Taxonomy Extension Presentation Linkbase Document

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REGI U.S., INC.

Date: March 21, 2012	By:	/s/ John G. Robertson John G. Robertson, President and Chief Executive Officer

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