Regi US Inc – '10KSB' for 4/30/00

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8/31/00	Regi US Inc	10KSB	4/30/00	5:114K		Donnelley R R & S..Co/FA

Annual Report — Small Business — Form 10-KSB

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3: EX-10.2	Special Services Proposal	4	15K
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10KSB — Annual Report — Small Business

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934

For the Fiscal Year Ended April 30, 2000
COMMISSION FILE NO. 0-23920

REGI U.S., INC.
(Name of small business issuer as specified in its charter)

OREGON	**91-1580146**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

185 - 10751 SHELLBRIDGE WAY
RICHMOND, BRITISH COLUMBIA V6X 2W8, CANADA
(Address, including postal code, of registrant's principal executive offices)

(604) 278-5996
(Telephone number including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act: NONE

Securities registered pursuant to Section 12(g) of the Exchange Act:

Title of each class	Name of each Exchange on which registered:
Common Stock, no par value	None

Indicate by check mark 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, and (2) has been subject to such filing requirements for the past 90 days. Yes X -

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

The registrants revenues for its most recent fiscal year were: nil.

The Aggregate market value of the voting stock held by non-affiliates of the registrant on July 31, 2000, computed by reference to the price at which the stock was sold on that date: $1,959,905.13.

The number of shares outstanding of the registrant's Common Stock, no par value, as of July 31, 2000 was 10,217,735.

Documents incorporated by reference: None

Transitional Small Business Disclosure Format (Check one): Yes ( ) No (X).

REGI U.S., INC.
FORM 10-KSB
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ITEM 1. BUSINESS

GENERAL

The Company was organized under the laws of the State of Oregon on July 27, 1992 as Sky Technologies, Inc. On August 1, 1994, the Company's name was officially changed by majority shareholder vote to REGI U.S., Inc. The Company is controlled by Rand Energy Group Inc., a privately held British Columbia corporation (*"RAND"*), which, in turn, is controlled 51% by Reg Technologies Inc., a publicly held British Columbia corporation (*"Reg Tech"*). The Company is 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"*), which is a variation of the Rand Cam Rotary Engine, an axial vane rotary engine (*"Original Engine"*). The worldwide, exclusive of the United States, intellectual and marketing rights to the RC/DC Engine are held by RAND. The Company holds the rights to develop, build and market the RC/DC Engine design in the U.S. pursuant to an agreement with RAND. Under a project cost sharing agreement entered into with RAND effective May 1, 1993, each company will fund 50% of the continuing development cost of the RC/DC Engine.

The Company's principal offices are located at 10751 Shellbridge Way, Suite 185, Richmond, British Columbia V6X 2W8, Canada. Its telephone number is (604) 278-5996 and its telefacsimile number is (604) 278-3409.

In order to fully effect its intended plan of operations, the Company will likely need to raise additional capital in the future beyond any amount currently on hand and which may become available as a result of the exercise of warrants and options which are currently outstanding. Reg Technologies, Inc., the parent company, is currently completing a private placement to raise $250,000 Cnd, which will be sufficient funds to complete the Rand Cam(TM) compressor and oil pump projects.

PRODUCTS

History

The Company is engaged in the business of developing and building an improved axial vane-type rotary engine known as the RC/DC Engine, which is a variation of the Original Engine. The Original Engine is an axial vane rotary engine, the worldwide marketing rights to which are held by RAND. A United States patent was issued for the RC/DC Engine on July 4, 1995, and assigned to the Company. Since no marketable product has yet been developed, the Company has received no revenues from operations.

The RC/DC Engine is based upon the Original Engine patented in 1983. Brian Cherry, an officer and director of the Company, has done additional development work on the Original Engine which resulted in significant changes and improvements for which the U.S. patent has been issued and assigned to the

Company. It is believed that the RC/DC Engine offers important simplification from the basic Original Engine, which will make it easier to manufacture and will also allow it to operate more efficiently.

Pursuant to an agreement dated October 20, 1986 among Reg Tech, Rand Cam Corp. and James McCann, Reg Tech agreed to acquire a 40% voting interest in a new corporation to be incorporated to acquire the rights to the Original Engine. The new corporation was RAND. Reg Tech acquired the 40% voting interest in RAND in consideration of the payment of $250,000.

Pursuant to an agreement made as of April, 27, 1993 among Reg Tech, Rand Cam Corp., RAND and James McCann, Reg Tech acquired an additional 330,000 shares (11%) of RAND from Rand Cam Corp. to increase its investment to 51%.

On August 20, 1992, the Company entered in an agreement with RAND and Brian Cherry (the *"August 1992 Agreement"*) under which the Company issued 5,700,000 shares of its Common Stock at a deemed value of $0.01 per share to RAND in exchange for certain valuable rights, technology, information, and other tangible and intangible assets, including improvements, relating to the United States rights to the Original Engine. RAND's president is also the president of the Company and its Vice President and Secretary is also a director of the Company. The terms of the agreement were negotiated between the parties and were deemed to be mutually advantageous based upon conditions and circumstances existing at the time.

Also in August 1992, the Company sold 300,000 shares of its Common Stock at $0.01 per share to Brian Cherry.

In an agreement dated April 13, 1993 among the Company, RAND, Reg Tech and Brian Cherry (the *"April 1993 Agreement"*) and made as an amendment to a previous Amendment Agreement dated November 23, 1992 between RAND, Reg Tech and Brian Cherry and an original agreement dated July 30, 1992 between RAND, Reg Tech and Brian Cherry, Cherry agreed to: (a) sell, transfer and assign to RAND worldwide rights, except for the United States, to all of his right, title and interest in and to the technology related to the RC/DC Engine (the *"Technology"*), including all pending and future patent applications in respect of the Technology, together with any improvements, changes or other variations to the Technology; (b) sell, transfer and assign to the Company United States of America rights to all of his right, title and interest in and to the Technology, including all pending and future patent applications in respect of the Technology, together with any improvements, changes or other variations to the Technology. On November 9, 1993, in consideration for this transfer of the Technology, Brian Cherry was issued 100,000 shares of Reg Tech with a deemed value of $200,000.

A final provision of the April 1993 Agreement assigns and transfers ownership to the Company of any patents, inventions, copyrights, know-how, technical data, and related types of intellectual property conceived, developed or created by RAND or its associated companies either prior to or subsequent to the date of the agreement, which results or derives from the direct or indirect

use of the Original Engine and/or RC/DC Engine technologies by RAND.

Pursuant to a letter of understanding dated December 13, 1993, among the Company, RAND and Reg Tech, as grantors, and West Virginia University Research Corporation (*"WVURC"*), the grantors agreed that WVURC shall own 5% of all patented technology relating to the Original Engine and the RC/DC Engine. WVURC performed extensive analysis and testing on the RC/DC engine. WVURC will provide continued support and development of the RC/DC Engine including research, development, testing evaluation and creation of intellectual property. In addition, WVURC will introduce the Company to potential customers and licensees. The Company also will be entitled to all additional intellectual property developed by WVURC relating to the RC/DC Engine.

Based upon testing work performed by independent organizations on prototype models, the Company believes that the RC/DC Engine holds significant potential in a number of applications ranging from small stationary equipment to automobiles and aircraft. In additional to its potential use as an internal combustion engine, the RC/DC Engine design is being employed in the development of a compressor unit which may find application in automobile air conditioners.

At the present time, several prototypes of the RC/DC Engine have been tested and additional development and testing work is continuing. The Company believes that such development and testing will continue for at least another year before a more or less *"final"* design is achieved, and it may take several years before a commercially feasible design is perfected. There is no assurance at this time, however, that such a commercially feasible design will ever be perfected, or if it is, that it will become profitable to the Company. If a commercially feasible design is perfected, the Company does, however, expect to derive revenues from licensing the Technology relating to the RC/DC Engine regardless of whether actual commercial production is ever achieved. There is no assurance at this time, however, that revenues will ever be received from licensing the Technology even if it does prove to be commercially feasible.

Diesel Engine

By News Release dated June 21, 1999, the company announced that the The Rand Cam (TM) rotary diesel aircraft project (1998 NASA SBIR Phase I contract) was completed and the final report was delivered to NASA on schedule. Patrick Badgley, senior engineer for the Rand Cam (TM) diesel aircraft project, reported that under his direction, the 125 horsepower diesel engine successfully completed a short test run on diesel fuel ignited by compression ignition. Mr. Badgley was directly involved with Global Aircraft in Starkville, Mississippi in training their personnel on the assembly and testing of the engine and he also assisted in the design of several important modifications.

Also on June 21, 1999, the Company announced that the 250 horsepower engine design for aircraft operation has been completed using our new *"winged rotor"* concept that greatly enhanced internal sealing and eliminates numerous separate components. The proposal for a Phase II program for $600,000 to design, fabricate and test a 250 horsepower Rand Cam (TM)

engine was completed and submitted to NASA for their approval for funding. The approval for funding was subsequently unsuccessful.

Two prototypes were built by the WVURC to run on gasoline. Testing on these prototypes suggested that the concept is fundamentally sound and that with a program of engine review, design, testing and development, a technically successful range of engines can be developed. The current prototype design for the diesel engine was designed by a consortium consisting of Alliant Techsystems (formerly Hercules Aerospace Company) (*"Alliant"*), WVURC and the Company. Alliant was involved in the design and development including drawings for the RC/DC diesel engine. In addition Alliant performed extensive analysis on the diesel engine including bearings, cooling, leakage, rotor, vanes, housing, vane tip heating, geometry and combustion. This engine is being designed as a general purpose power plant for military and commercial applications. Prototypes of the diesel engine have been assembled and tested.

On October 1, 1996, the Company announced the results of tests performed at Adiabatics Inc. in Columbus, Indiana (an experienced engine research and testing company). In general, these results were favorable and led to modifications of the prototype. Subsequently, the Company reported a successful Diesel Engine Compression Test in May, 1997.

Motor Scooter Project

On January 6, 1998, the Company announced that the RC\DC Scooter Engine was successfully test fired on the new ignition system which was designed by its engineering team.

The system fired in all chambers on both sides. The positive aspect of this test is that the ignition system is capable of operating at the demanding rate of the sixteen combustions per revolution versus the eight combustions for two revolutions on the existing piston engine used today.

The RC\DC Scooter engine will be a light weight, smooth and quiet running motor and very inexpensive to maintain and manufacture.

Also, the RC\DC Scooter Engine prototype required equipment has been fabricated and acquired. The RC\DC Scooter Engine will weigh approximately 15-20 pounds and generate 20 HP. The Company has received inquiries from manufacturers regarding the possibility of including the Motor Scooter Engine in lightweight and inexpensive vehicles. There is no assurance, however, that the Company will enter into an agreement with anyone to manufacture the Motor Scooter engine.

Compressor Prototype

The Company has contracted Coltec, Inc., a Columbus, Indiana engineering firm, to fabricate the Rand Cam (TM) air conditioning compressor for buses. The testing was to be conducted in the Spring by Trans Air Manufacturing Corporation, one of the largest manufacturers of air

conditioning units for buses, which has agreed to jointly develop and manufacture the working model compressor.

Air\Vapor Flow System

In June 1997, the Company announced that it had reached an agreement with John Weston ("*Weston*") to acquire the US rights to his invention, the Air/Vapor Flow System (the "*AVFS*"). The objective of this invention is to reduce harmful carbon monoxide emissions by eliminating unburned liquid fuel in the exhaust. Weston was paid $50,000 plus 200,000 shares of the Company. In December 1997, the Company acquired the worldwide rights (exclusive of Canada) to the AVFS for a subsequent payment of $36,500 plus an additional 200,000 shares. The Company agreed to pay to Weston 8.5% of net sales derived from the AVFS together with a minimum annual royalty of $24,000 per year beginning October 1, 1997, payable quarterly.

On September 2, 1997, the Company announced that test results for the AVFS reduced hydrocarbon emissions by 75% and carbon monoxide by over 50% compared to a standard carburetor.

The AVFS is capable of reducing the hydrocarbon and carbon monoxide emissions produced by internal combustion engines by more than 50%. The AVFS provides the engine with vaporized fuel rather than liquid gasoline, causing it to run cleaner. The system runs without a carburetor, fuel injector or fuel pump.

The latest tests show that the AVFS permits gasoline engines to run much cleaner, reducing hydrocarbon and carbon monoxide pollution. In addition, the AVFS is relatively simple to manufacture.

First applications will be in the area of small internal combustion engines powering lawn mowers, weed eaters, and similar devices. Such engines are a major source of air pollution created by excess exhaust emissions. Future applications will be in the area of internal combustion engines powering automobiles, trucks and buses.

A series of tests on the AVFS was run by Adiabatics, Inc. on August 26, 1997. The AVFS provided vaporized fuel to a Kawasaki GA 1400A Portable Generator Set. Emissions were measured by a complete emissions cart containing Beckman test equipment.

In half of the tests, the Kawasaki engine was provided liquid gasoline by a conventional carburetor. In the other half, the AVFS replaced the carburetor. All other facts were kept equal. The generator was first run equipped with the standard carburetor at idle and at a fixed high load using light bulbs to load the generator and reading the voltage and current delivered by the generator. Fuel consumption was measured by using a calibrated pipette directly feeding the carburetor inlet. Exhaust emissions were collected using a heated sample line running to the Beckman emission cart. Tests were repeated using the AVFS.

Test results are shown in the following table:

[Download Table]

HC (ppm)	CO (ppm)	CO\\2\\ (%)	O\\2\\ (%)	NO\\x\\ (ppm)
CARBURETOR				
No Load 44.6	less than 40	greater than 6000	7.61	5.2
No Load 48.2	less than 40	greater than 6000	7.82	5.1
1190 Watts 127.8	7742	greater than 6000	8.89	3.9
1190 Watts 134.3	6332	greater than 6000	8.97	3.8
FUEL CELL				
No Load 24.9	less than 40	5526	9.18	8.8
No Load 27.3	less than 40	5147	8.96	9.1
1190 Watts 942.5	2536	5934	12.58	2.7
1190 Watts 932.5	1992	2766	12.47	4.4
1190 Watts 855	1716	2448	12.3	3.1
1190 Watts 610	1432	2512	11.5	5.1

On March 12, 1998, the Company announced the following test results as reported by Patrick Badgley.

The latest round of AVFS testing on the 10 horsepower Tecumseh engine has been completed by Adiabatics, Inc. The following is a summary of the latest test data where the power output is the same for the AVFS and the standard carburetor fuel system:

[Enlarge/Download Table]

	Head Temp (deg F)	Exh. Temp (deg F)	CO2 (%)	HC PPM	NOX (ppm)	O2 (%)	Load Fuel (in-lbs)	Flow (lbs/hr)	BSFC (lbs/hp/hr)
Stock AVFS	258	1074	10.62	131	34.2	0.55	177	5.00	0.636
	269	1096	9.14	66	27.6	0.72	177	4.92	0.625
% Change	4.3	2	-14	-49.6	-19.3	30.9		-1.6	-1.6

- Hydrocarbons were cut in half with the AVFS
- Oxides of nitrogen were reduced by about 20 percent
- Fuel consumption was improved

Automotive manufacturers may also consider the AVFS technology because of the following:

- May be an answer to one of the worlds most serious pollution problems
- Is simple and inexpensive to manufacture, replace and maintain
- Is easily retrofitted on today's internal combustion engines
- Could result in manufacturing cost savings for internal combustion engines
- Could lengthen the life of an internal combustion engine

Oil Pump Project

On December 1, 1999, the Company announced that testing of the first Rand Cam (TM) oil pump was completed. A major American automobile manufacturer notified the Company that the approved evaluation of the production intent design will be run in the first or second month of the year 2000. The Company's components were expected to be ready for testing and evaluating by the automobile manufacturer's Production Transmission Group at that time. The Rand Cam (TM) pump assembly was to be ready by late January 2000. The Rand Cam (TM) oil pump tests completed to date by Paul LaMarche indicate that the oil pump in many areas exceed the spectrum and show to be more efficient in volumetric performance. These results promoted the oil pump to the next phase of the evaluation to be run. It is a requirement to calibrate all the benefits to improve fuel economy over current oil pumps used today in automobile transmissions. Currently the Company is still awaiting results from the automobile manufacturer regarding this project.

On June 1, 1998, the Company announced that the design of the special transmission oil pump for automobiles is now completed for prototype fabrication and testing has commenced.

On November 20, 1997, the Company announced that Ford Motor Company has approved a budget for developing a program to test and build a Rand Cam oil pump prototype for their new automotive transmission.

The major advantages of the Rand Cam design are the small size, ability to have multiple pressures in one pump and being able to turn off one half of the pump when a predetermined RPM has been achieved to save on fuel consumption.

Other Products

Discussions with a large potential end user for fuel cell applications are underway for the air pump and compressor.

Progress Report from May 1, 1999 to April 30, 2000

On May 18, 1999 the Company announced out of Detroit, MI that it is proceeding to build and test the Rand Cam(TM) pump in high volume transmission applications.

The design of the new pump application is currently underway by Paul LaMarche, REGI's engineer in Detroit, MI and will proceed with a production packaging evaluation in the rear wheel drive transmission.

The evaluation will include the following:

. Demonstrate packagability
. Enable functional testing at the Automatic Transmission New Product Center in Livonia
. Enable in vehicle evaluation
. Check functionality given packaging constraints
. Ease cost comparison
. Ease manufacturing evaluation

The first Rand Cam(TM) pump is currently being tested in Detroit. The automotive testing facilities, which are dedicated to pre-production development programs, will complete the testing on the new pump. The testing will include in lab testing as well as vehicle on the road evaluation.

On June 11, 1999 the Company announced that the Rand Cam(TM) rotary diesel aircraft project (1998 NASA SBIR Phase I contract) has been completed and the final report has been delivered to NASA on schedule.

The NASA SBIR Phase I contract provided funds for modification and testing of the existing 125 horsepower Rand Cam(TM) diesel engine which was developed by Reg Technologies/REGI U.S., Inc. engineering team Patrick Badgley and assisted by Paul LaMarche.

Patrick Badgley, our senior engineer for the Rand Cam(TM) diesel aircraft project, has reported that under Mr. Badgley's direction the 125 horsepower diesel engine has successfully completed a short test run on diesel fuel ignited by compression ignition. Mr. Badgley was directly involved with the Global Aircraft corporation in Starkville, Mississippi in training their personnel on the assembly and testing of the engine, he also assisted in the design of several important modifications. Additional testing is currently being conducted by the Global/Reg team.

Patrick Badgley also reports that the 250 horsepower engine design especially for aircraft operation has been completed using the Reg Technologies, Inc. new *"winged rotor"* concept that greatly enhanced internal sealing and eliminates numerous separate components.

The proposal for a Phase II program for $600,000 to design, fabricate and test a 250 horsepower Rand Cam(TM) engine is currently being completed and submitted to NASA.

On October 4, 1999 the Company announced it has received notification from Global Aircraft Corporation on Friday October 1, 1999 that Global/Reg/REGI was not successful in obtaining the Phase II award for the 250 H.P. Rand Cam(TM) aircraft engine. The debriefer from NASA stated that the Phase II proposal was excellent with regard to technical content applicability to the NASA mission, the major weakness of the proposal regarding the lack of sufficient engine test data and concern that the Reg engineers have solved the sealing problems.

Based on the information from NASA the Company has commenced work on design modifications to the existing 125 horsepower diesel Rand Cam(TM) engine to incorporate the latest *"winged rotor"* concept.

Following the completion of the drawings the new hardware will be fabricated and the existing engine parts modified. The engine will then be assembled and tested to demonstrate that the objectives have been met.

According to Chief Engineer Patrick Badgley this project will dramatically improve the gas sealing, will eliminate several rubbing surfaces and will omit over 50 parts.

On January 14, 2000 the Company announced it contracted with Coltec, Inc., a Columbus, Indiana engineering firm, to fabricate the Rand Cam(TM) air-conditioning compressor for buses.

The testing will be conducted by TransAir Manufacturing Corporation this spring. TransAir is one of the largest manufacturers of air-conditioning units for buses and has agreed to jointly develop and manufacture the working model compressor.

DISCUSSION ON THE YEAR 2000 ISSUE

In recognition of the Year 2000 risk for information systems, computers, equipment and products using date sensitive software, the Company retained a consultant to assess the risk to the Company, both internally and externally. The Year 2000 risk for information systems, computers, equipment and products using date sensitive software has passed without any problems whatsoever. The Company will continue to monitor the Year 2000 issue, but does not anticipate any problems. It is not expected that any additional material costs will be incurred in addressing the Year 2000 compliance for the Company.

RISK FACTORS

A number of rotary engines have been designed over the past 70 years but only one, the Wankel, has been able to achieve mechanical practicality and any significant market acceptance. It is believed that a large market would exist for a practical rotary engine which could be produced at a competitive price and which could provide a good combination of fuel efficiency, power and decreased emissions.

The profitability and survival of the Company will depend upon its ability to develop a technically and commercially feasible product which will be accepted by end users. The RC/DC Engine which the Company is developing must be technologically superior or at least equal to other engines that competitors offer and must have a competitive price/performance ratio to adequately penetrate its potential markets. If it is not able to achieve this condition or if it does not remain technologically competitive, the Company may be unprofitable and investors could lose their entire investment. There can be no assurance that the Company or potential licensees will be able to achieve and maintain end user acceptance of its engine.

While market acceptance of a new type of engine could be difficult to achieve,

once accepted, such an engine could have a potential market of hundreds of thousands of units per year. The Company has not conducted a formal market survey but statistics available on the aircraft, marine and industrial markets alone indicate an annual market potential of more than one hundred million dollars. The two prototypes are being used as demonstrators to prove that the Technology works and can be used in other engines. For example, Alliant looked at all engine applications for the RC/DC Engine. Based on the market potential, the RC\DC Engine is well suited for application to internal combustion engines, pumps and compressors and expansion engines, such as turbines and other piston engine applications. The mechanism can be scaled to match virtually any size requirement. This flexibility opens the door to large markets being developed. The Company is currently testing prototypes for these products. The Company's strategy is to develop engines and compressors for low to medium horsepower applications, then apply the Technology to larger applications. The Company plans to then license the Technology or enter into joint venture arrangements for other specific applications. The licensee or joint venture partners will then provide funding for research and development of the specific applications.

A *"Technology Evaluation"* report was prepared on the RC/DC Engine dated May 19, 1993, by Patrick R. Badgley formerly of Adiabatics, Inc. This evaluation concludes that the engine concept is sound and has numerous advantages over current engines. At the time of the report, Mr. Badgley was director of research and development at Adiabatics, Inc. Mr. Badgley is now a Vice President of the Company. The Company believes the conclusions contained in the report are still valid.

ROYALTY PAYMENTS

The August 1992 Agreement calls for the Company to pay semi-annually to RAND a royalty of 5% of any net profits to be derived by the Company from revenues received as a result of its license of the Original Engine. The August 1992 Agreement also calls for the Company to pay semi-annually to Brian Cherry a royalty of 1% of any net profits to be derived by the Company from revenue received as a result of its licensing of the Original Engine.

Other provisions of the April 1993 Agreement call for the Company (a) to pay to RAND a continuing royalty of 5% of the net profits derived from the Technology by the Company and (b) to pay to Brian Cherry a continuing royalty of 1% of the net profits derived from the Technology by the Company.

Pursuant to the letter of understanding dated December 13, 1993, among the Company, RAND, Reg Tech and WVURC, WVURC will receive 5% of all net profits from sales, licenses, royalties or income derived from the patented technology relating to the Original Engine and the RC/DC Engine.

No royalties are to be paid to Alliant or Adiabatics, Inc.

Pursuant to its agreement with Weston, the Company agreed to pay to Weston 8.5% of net sales derived from the AVFS together with a minimum annual royalty of $24,000 per year beginning October 1, 1997, payable quarterly.

MARKETING

The Company intends to pursue the commercial development of the RC/DC Engine by entering into licensing and/or joint venture arrangements with other larger companies which would have the financial resources to maximize the potential of the engine. At the present time no such licensing or joint venture arrangements have been concluded and there is no assurance that any will be in the foreseeable future. There are no plans at present for the Company to become actively involved in either manufacturing or marketing any engine which it may ultimately develop to the point of becoming a commercial product.

The Company's current objective is to complete and test the compressor and diesel engine prototypes. Based on the successful testing, the prototypes will be used for presentation purposes to potential license and joint venture partners. The Company will be making presentations to the military which could result in additional government funding if the diesel engine prototype meets with its approval.

The Company expects revenue from license agreements with the potential end users based on the success of the early test results from the compressor and diesel engine prototypes. Within six months of successful testing of the prototypes, the Company expects to have joint venture or license agreements finalized. These would result in royalties to the Company. However, there is no assurance that the tests will be successful or that the Company will ever receive any such royalties.

The following marketing activities are all currently underway:

. AIR CONDITIONING COMPRESSOR - An agreement with Trans Air Manufacturers has been completed to use the Rand Cam(TM) compressor in air conditioning units in bus applications. The Company is in the final stages of delivering a compressor prototype for testing.

. PUMP - The design of the special transmission oil pump for a large automobile manufacturer will proceed shortly after receiving the pump specifications from their engineers.

RESEARCH AND DEVELOPMENT

The basic research and development work on the RC/DC Engine is being coordinated and funded by Reg Tech and funded as to 50%.

The Company plans to contract with outside individuals, institutions and companies to perform most of the additional research and development work which it may require to benefit from its rights to the RC/DC Engine.

Development work on the air conditioning compressors is being completed by Coltec Industries an engineering firm in Columbus, Indiana under contract with the Company.

During the last two fiscal years, the company has spent $475,324 on research and development.

ENVIRONMENTAL CONTROL FACTORS

At the present time there is no direct financial or competitive effect upon the Company's business as a result of any need to comply with any federal, state or local provisions which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment.

KEY CUSTOMERS

Although the Company has no key customers at the present time, it is expected that if its development work is successful, it will likely become dependent, at least initially, upon one or very few key customers. Such dependence could prove to be risky in the event that one or more such potential customers were to be lost and not replaced.

RAW MATERIALS

Since the Company is not in production and there are no plans at this time for the Company to enter the actual engine manufacturing business, raw materials are not of present concern. At this time, however, there does not appear to be any foreseeable problem with obtaining any materials or components which may be required in the manufacture of its potential products.

PATENT INFORMATION

U.S. patent No. 5,429,084 was granted on July 4, 1995, to the inventor, Brian Cherry, Patrick Badgley and four other individuals for various improvements incorporated in the RC/DC Engine. The patent has been assigned to the Company. U.S. Patent 4,401,070 for the Original Engine was issued on August 30, 1983, to James McCann and the marketing rights are held by RAND.

The RC/DC Engine is composed basically of a disk shaped rotor with drive shaft, which turns, and the housing or stator, which remains stationary. The rotor has two or more vanes which are mounted perpendicular to the direction of rotation and slide back and forth through it. As the rotor turns, the ends of the vanes ride along the insides of the stator housing which have wave-like depressions, causing the vanes to slide back and forth. In the process of turning and sliding, combustion chambers are formed between the rotor, stator walls and vanes where the fuel/air mixture is injected, compressed, burned and exhausted.

SEASONALITY AND BACKLOG OF BUSINESS

Since the Company is not yet in production, the seasonality of its potential business is not of present concern. However, at this time it does not appear that there will be a significant seasonal factor to its potential business.

The Company has no current backlog of business.

WORKING CAPITAL REQUIREMENTS

Because the Company is not yet producing and selling any products, working capital requirements relative to production, inventory and accounts receivable are not relevant. Working capital requirements for day-to-day operations and the continuation of research and development activities have been provided from equity capital and advances from related parties including Reg Tech and RAND.

Until such time as the Company is able to obtain revenues from licensing production rights to the RC\DC Engine or from some related activities it will most likely need to rely on additional equity capital or debt capital, if available. RAND and Reg Tech will jointly provide the necessary funds for the development of the RC/DC Diesel Engine prototype and the other operations of the Company until joint venture or license agreements can be completed.

The Company expects that it may receive additional capital as the result of the sale of shares of Common Stock either through private placements or public offerings and through the exercise of outstanding options and warrants. RAND has agreed to sell sufficient shares of Common Stock, under Rule 144, as necessary to fund the operations of the Company.

BUSINESS SUBJECT TO RENEGOTIATION

The Company currently has no business or contract subject to renegotiation with any agency of the U.S. Government and does not expect to have any during the fiscal year ending April 30, 2000.

COMPETITION

The Company currently faces and will continue to face competition in the future from established companies engaged in the business of developing, manufacturing and marketing engines. While not a highly competitive business in terms of numbers of competitors, the business of developing engines of a new design and attempting to either license or produce them is nonetheless difficult because most existing engine producers are large, well financed companies which are very concerned about maintaining their market position. Such competitors are already well established in the market and have substantially greater resources than the Company. Internal combustion engines are produced by automobile manufacturers, marine engine manufacturers, heavy equipment manufacturers and specialty aircraft and industrial engine manufacturers. The Company expects that its engine would be used mainly in industrial and marine applications.

Except for the Wankel rotary engine built by Mazda of Japan, no competitor, of which the Company is aware, presently produces in a commercial quantity any rotary engine similar to that which the Company is developing. The Wankel rotary engine is similar only in that it is a rotary engine rather than a reciprocating piston engine. Without substantially greater financial resources than are currently available to the Company, however, it is very possible that it may not be able to adequately compete in the engine business. One competitor, Infinite Engines Corporation, is developing a competitive rotary engine. However, the Company believes that its engine is different. The Infinite Engine is similar to the old Wankel engine which had pollution problems and was not

fuel efficient. The Company's RC\DC Engine is more fuel efficient and will have fewer emissions.

The Company believes that if and when its engine is completely developed, in order to be successful in meeting or overcoming competition which currently exists or may develop in the future, its engine will need to offer superior performance and/or cost advantages over existing engines used in various applications.

EMPLOYEES

The Company currently has two full-time contractors directly involved in technical development work on the RC/DC Engine. The Company expects to hire additional employees for those positions which it deems necessary to fill, as needs arise. Most additional employees are expected to be in technical and licensing/marketing positions.

SEGMENT DATA

The Company currently operates only in one industry and therefore, the financial statements contained herein describe its operations in this one industry. All dollar amounts are stated in U.S. funds, unless otherwise noted. The Company has no foreign operations and has recorded no sales since its inception.

ITEM 2. PROPERTY

The Company owns no properties. It currently utilizes office space leased by Reg Tech in a commercial business park building located in Richmond, British Columbia, Canada, a suburb of Vancouver. The monthly rent for its portion of this office space is $500.00. The present facilities are believed to be adequate for meeting the Company's needs for the immediate future. However, management expects that the Company will likely acquire separate space when the level of business activity requires it to do so. The Company does not anticipate that it will have any difficulty in obtaining such additional space at favorable rates. There are no current plans to purchase or lease any properties in the near future. Mr. Badgley works out of an office in his home in Columbus, Indiana. From this office, Mr. Badgley oversees and controls development and testing of the engine prototypes. Mr. Badgley is also using the facilities of Coltec Industries which is under contract to design and build the compressor prototype. Mr. Badgley has also designed several important improvements to the RC/DC Engine for which patent applications are pending. Mr. LaMarche works out of the office at Five Star Industries, a machine shop located in Detroit, MI. The monthly rent for his portion of office and work space is $2,175.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any legal proceedings or litigation, nor is it aware that any litigation is presently being threatened or contemplated

against either itself or any officer, director or affiliate.

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

No matters were submitted to a vote by the Company's security holders during the fourth quarter of its fiscal year ended April 30, 2000.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There is a limited public market for the Common Stock of the Company which currently trades on the OTC Bulletin Board under the symbol *"RGUS"* where it has been traded since September 21, 1994. The Common Stock has traded between $0.5625 and $6.75 per share since that date.

The following table sets forth the high and low prices for the Company's Common Stock as reported on the Bulletin Board for the quarters presented. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions, and may not reflect actual transactions.

[Download Table]

	Bid Price		*Asked Price*	
	High	*Low*	*High*	*Low*
Quarter ended July 31, 1998	$0.843	$0.843	$0.937	$0.937
Quarter ended October 31, 1998	$0.593	$0.593	$0.760	$0.760
Quarter ended January 31, 1999	$0.75	$0.75	$0.937	$0.937
Quarter ended April 30, 1999	$0.5625	$0.5625	$0.75	$0.75
Quarter ended July 31, 1999	$0.6870	$0.6628	$0.84879	$0.8392
Quarter ended October 31, 1999	$0.644	$0.6318	$0.7583	$0.74365
Quarter ended January 31, 2000	$0.621845	$0.596685	$0.72569	$0.69246
Quarter ended April 30, 2000	$0.99776	$0.91778	$1.1553	$1.06256

As of July 31, 2000, there were 10,217,735 shares of Common Stock outstanding, held by 229 shareholders of record.

DIVIDEND POLICY

To date the Company has not paid any dividends on its Common Stock and does not expect to declare or pay any dividends on such Common Stock in the foreseeable future. Payment of any dividends will be dependent upon future earnings, if any, the financial condition of the Company, and other factors as deemed relevant by the Company's Board of Directors.

RECENT SALES OF UNREGISTERED SECURITIES

Set forth below is information regarding the issuance and sales of the Company's securities without registration during the last fiscal year. No such sales involved the use of an underwriter.

From October 1998 to September 1999, the Company sold, in a private placement, 852,101 units at a price of $0.75 per unit to 30 accredited investors and to 21 non-accredited investors. Of these investors, four of the accredited were not U.S. residents. Each unit contained one share and one warrant to acquire one additional share at $1.00 per share if exercised during year one after receipt of the subscription funds. An additional 17,334 shares were issued pursuant to exercises of warrants at $1.00 per share. A commission of $47,608 was paid in connection with the placement. This offering was exempt from registration under Rule 506 and Section 4(2) of the Securities Act of 1933, as amended (the *"Act"*). Each certificate representing securities issued to the investors in this private placement bears a legend restricting transfer. In addition, if the exemptions under Rule 506 under and Section 4(2) of the Act are not available, $ 61,750 of the sales to non-U.S. residents were exempt pursuant to Regulation S under the Act.

ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS MANAGEMENT'S DISCUSSION

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. (*"REGI"*) which is the Company's controlling shareholder. The Company owns the U.S. marketing and intellectual rights and has a project cost sharing agreement, whereby the Company will fund 50% of the further development of the RC/DC Engine and REGI will fund 50%.

In fiscal 1998, the Company acquired the U.S. and world-wide rights (except Canada) to an Air/Vapour Flow System *"AVFS"*. The Company will pay to the inventor 8.5% on net sales derived from the AVFS. The inventor will also receive a minimum annual royalty of $24,000 per year beginning October 1, 1997, payable quarterly.

As a development stage company, the Company devotes most of its activities to establishing its business. Planned principal activities have not yet produced significant revenues and the Company has a working capital deficit. The Company has undergone mounting losses to date totalling $4,343,000 and further losses are expected until the Company completes a licensing agreement with a manufacturer and reseller. The Company's working capital deficit is $217,000. The Company's only assets are our intangible assets, being patents and intellectual property rights, totalling $395,000, which represents 99% of total assets or 216% of shareholders' equity. These factors raise doubt about the Company's ability to continue as a going concern. The Company's ability 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.

During the year, the Company raised a further $531,575 gross, $483,968 net, pursuant to a private placement of 852,101 units at $0.75 per unit, $107,500 was received in fiscal 1999. These units were issued on December 20, 1999, and each unit contained one share and one warrant to acquire one additional share at $1.00 per share if exercised in year one after receipt of funds. These funds raised do not 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. Warrants with respect to 834,767 shares at $1.00 per share may be exercised to net $834,767 and options with respect to 815,000 shares at prices between $0.75 and $1.00 per share may be exercised to net $655,000.

The Company receives interim support from its ultimate parent company ($110,000 subsequent to April 30, 2000). The parent company is raising additional funds from equity financing for a total of $250,000 Cnd.

Progress Report from May 1, 1999 to April 30, 2000

The Rand Cam (TM) rotary diesel aircraft project (1998 NASA SBIR Phase I contract) was completed and the final report was delivered to NASA on schedule. Patrick Badgley, senior engineer for the Rand Cam (TM) diesel aircraft project, reported that under his direction, the 125 horsepower diesel engine successfully completed a short test run on diesel fuel ignited by compression ignition. He was directly involved with Global Aircraft in Starkville, Mississippi in training their personnel on the assembly and testing of the engine. He also assisted in the design of several important modifications. The Global/REGI team is currently conducting additional testing.

The 250 horsepower engine designed for aircraft operation has been completed using our new *"winged rotor"* concept that greatly enhanced internal sealing and eliminates numerous separate components. The proposal for a Phase II program for $600,000 to design, fabricate and test a 250 horsepower Rand Cam (TM) engine was completed and submitted to NASA for their approval for funding. On December 1, 1999, the Company announced that testing of the first Rand Cam (TM) oil pump was completed. A major American automobile manufacturer notified the Company that the approved evaluation of the production intent design will be run in the first or second month of year 2000. The Company's components were expected to be ready for testing and evaluating by the automobile manufacturer's Production Transmission Group at that time. The Rand Cam (TM) pump assembly was to be ready by late January 2000. The Rand Cam (TM) oil pump tests completed to date by Paul LaMarche indicate that the oil pump in many areas exceed the spectrum and show to be more efficient in volumetric performance. These results promoted the oil pump to the next phase of the evaluation to be run. It is a requirement to calibrate all the benefits to improve fuel economy over current oil pumps used today in automobile transmissions.

By News Release dated January 14, 2000, the Company announced that it had contracted with Coltec, Inc., a Columbus, Indiana engineering firm, to fabricate the Rand Cam(TM) air conditioning compressor for buses. The testing was to be conducted in the Spring by Trans Air Manufacturing Corporation, one of the largest manufacturers of air conditioning units for buses, which has agreed to jointly develop and manufacture the working model compressor.

Results of operations for the year ended April 30, 2000 (*"2000"*) compared to the year ended April 30, 1999 (*"1999"*)

There were no revenues from product licensing during 2000 and 1999.

The net loss in 2000 increased by $15,000 to $413,000 compared to $398,000 in 1999. The increase was due to a $30,000 increase in research and development expenses and a decrease of $15,000 in administrative expenses. The decrease in administrative expenses was due to the Company's continued reduction of the investor relations budget. The reductions in investor relations activities was done to preserve working capital. All other administrative expenses were kept to a minimum amount of $84,000 from $72,000 in 1999. Professional fees made up $25,000 of the administrative expenses in 2000 as compared to $20,000 in 1999 which includes accounting, auditing and legal; the Company continues to use an in house consultant to perform the majority of legal work. The increase of $30,000 in research and development was attributed to increased travel costs to $12,000 from $2,000; and prototype design and construction contracts for outside contractors was increased to $55,000 from $40,000. The majority of prototype construction and testing costs continues to be borne by potential licensees and manufacturers. The Company pays two in house consultants for technical prototype design consulting amounting to $88,000 which was mainly conducted by Paul LaMarche and Patrick Badgley, Vice President of Research and Development. See above progress reports for research and development activity conducted during the year.

Liquidity

During 2000, the Company financed its operations mainly through subscription proceeds of $484,000, net of a $48,000 cash commission, towards a private placement of units at $0.75 per unit. The Company also received $17,000 from warrants exercised.

The Company paid funding received in 1999 from its affiliated companies (common directors) and its 57.3% shareholder, Rand Energy Group, Inc. and its 51% shareholder Reg Technologies Inc. These companies advanced, or paid expenses on behalf of, $237,000 during 1999 of which $142,000 was repaid in 2000. These amounts owing are now $98,000, or 45% of total current liabilities, are unsecured and repayable on demand. The Company's 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 behalf of, further funds if needed.

The Company spent $12,000 on patent protection costs and $5,000 on computer equipment during 2000. The loss for the year of $413,000 included $40,000 of non-cash items being $24,000 for amortization of capital and intangible assets and $16,000 for stock based compensation.

As at April 30, 2000, the Company had a cash deficiency of $5,000 and other current liabilities of $202,000. The Company receives interim support from its ultimate parent company ($110,000 subsequent to April 30, 2000) and plans to raise additional funds from equity financing which is yet to be negotiated. The Company also plans to raise funds through loans from a controlling shareholder (REGI). REGI owns 5,362,700 shares and plans to sell shares as needed to meet the Company's ongoing funding requirements if traditional equity sources of financing prove to be insufficient.

ITEM 7. FINANCIAL STATEMENTS

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Independent Auditor's Report

To the Board of Directors
REGI U.S., Inc.
(A Development Stage Company)

We have audited the accompanying balance sheets of REGI U.S., Inc. (A Development Stage Company) as of April 30, 2000 and 1999 and the related statements of operations, shareholders' equity and cash flows for the period from July 27, 1992 (Inception) to April 30, 2000 and the years ended April 30, 2000 and 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of REGI U.S., Inc. (A Development Stage Company), as of April 30, 2000 and 1999, and the results of its operations and its cash flows for the period from July 27, 1992 (Inception) to April 30, 2000 and the years ended April 30, 2000 and 1999, in conformity with generally accepted accounting principles in the United States.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has not generated any revenues or profitable operations since inception. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

"Elliott, Tulk, Pryce, Anderson"

CHARTERED ACCOUNTANTS

Vancouver, Canada
July 19, 2000

REGI U.S., Inc.
(A Development Stage Company)
Balance Sheets
April 30, 2000 and 1999

[Download Table]

	2000 $	1999 $
Assets		
Current Asset		
Cash	-	82,120
Fixed Assets (Note 3)	4,295	-
Intangible Assets (Note 4)	394,973	405,335
	399,268	487,455
Liabilities and Shareholders' Equity		
Current Liabilities		
Cheques issued in excess of funds on deposit	4,853	-
Accounts payable	51,924	107,274
Accrued liabilities	11,328	9,875
Due to affiliates (Note 7)	98,404	240,771
Convertible debentures (Note 5)	50,000	-
	216,509	357,920
Convertible Debentures (Note 5)	-	50,000
Commitments and Contingent Liabilities (Note 8)		
Shareholders' Equity		
Common Stock (Note 6), 20,000,000 shares authorized without par value; 10,217,735 and 9,348,300 shares issued and outstanding respectively	4,510,249	3,901,447
Common Stock Paid For But Unissued (Note 6(d))	-	107,500
Stock Based Compensation - Stock Option	15,417	-
Deficit Accumulated During the Development Stage	(4,342,907)	(3,929,412)
	182,759	79,535
	399,268	487,455

(The accompanying notes are an integral part of the financial statements)

REGI U.S., Inc.
(A Development Stage Company)
Statements of Operations
Accumulated from July 27, 1992 (Inception) to April 30, 2000 and
the Years ended April 30, 2000 and 1999

[Enlarge/Download Table]

	Accumulated from July 27, 1992 (Inception) to April 30, 2000 $	2000 $	1999 $
Revenues	-	-	-
Administrative Expenses			
Bank charges	7,520	1,552	1,238
Foreign exchange	4,296	654	482
Interest on debentures	12,369	3,828	4,713
Investor relations - publications	304,837	35,994	6,478
Investor relations - consulting	500,306	40,095	96,870
Office, rent and telephone	143,621	28,714	28,719
Professional fees	302,850	24,586	20,135
Transfer agent and regulatory fees	88,582	21,013	16,921
Travel	11,674	5,327	-
Less: interest	(16,747)	(1,212)	(12)
	1,359,308	160,551	175,544
Research and Development Expenses			
Intellectual property (Note 4(a) and (b))	257,000	-	-
Amortization	83,062	23,741	25,199
Market development	92,782	-	-
Professional fees	73,904	-	-
Project management	220,000	30,000	30,000
Project overhead	176,646	21,062	16,445
Prototype design and construction contracts	1,284,106	54,628	40,363
Royalties (Note 4(d))	63,000	24,000	24,000
Technical prototype design consulting	377,806	88,000	84,200
Technical reports	22,120	-	-
Technical salaries	169,467	-	-
Travel	163,706	11,513	2,173
	2,983,599	252,944	222,380
Net Loss	4,342,907	413,495	397,924
Net Loss Per Share		(.04)	(.04)
Weighted Average Shares Outstanding		9,657,000	9,310,000

(The accompanying notes are an integral part of the financial statements)

REGI U.S., Inc.
(A Development Stage Company)
Statements of Cash Flows
Accumulated from July 27, 1992 (Inception) to April 30, 2000 and
the Years ended April 30, 2000 and 1999

[Enlarge/Download Table]

	Accumulated from July 27, 1992 (Inception) to April 30, 2000 $	2000 $	1999 $
Cash Flows to Operating Activities			
Net loss	(4,342,907)	(413,495)	(397,924)
Adjustments to reconcile net loss to cash			
Amortization	83,062	23,741	25,199
Intellectual property	257,000	-	-
Stock based compensation	256,713	15,417	71,046
Change in non-cash working capital items			
Increase (decrease) in accounts payable and accrued liabilities	88,254	(53,897)	44,372
Net Cash Used in Operating Activities	(3,657,878)	(428,234)	(257,307)
Cash Flows from Financing Activities			
Increase in capital stock - net of cash commission	3,898,702	501,302	107,500
Increase in convertible debenture	50,000	-	-
Increase (decrease) in due to affiliates	(101,596)	(142,367)	237,397
Net Cash Provided by Financing Activities	3,847,106	358,935	344,897
Cash Flows to Investing Activities			
(Increase) in fixed assets	(24,947)	(5,452)	-
(Increase) in intangible assets	(169,134)	(12,222)	(6,639)
Net Cash Used in Investing Activities	(194,081)	(17,674)	(6,639)
Increase (decrease) in cash	(4,853)	(86,973)	80,951
Cash - beginning of period	-	82,120	1,169
Cash (deficiency) - end of period	(4,853)	(4,853)	82,120
Non-Cash Financing Activities			
Affiliate's shares issued for intellectual property	200,000	-	-
Shares issued for financial consulting services	241,296	-	71,046
Shares issued for intellectual property	345,251	-	-
Shares issued to settle debt	25,000	-	-
Stock based compensation - stock options	15,417	15,417	-
	826,964	15,417	71,046
Supplemental Disclosures			
Interest paid	12,369	3,828	4,713
Income tax paid	-	-	-

(The accompanying notes are an integral part of the financial statements)

REGI U.S., Inc.
(A Development Stage Company)
Statements of Shareholders' Equity
From July 27, 1992 (Inception) to April 30, 2000

[Enlarge/Download Table]

	Common Stock Shares #	Common Stock Amount $	Deficit Accumulated During the Development Stage $
Balance - July 27, 1992 (inception)	-	-	-
Stock issued for intellectual property	5,700,000	57,000	-
Stock issued for cash	300,000	3,000	-
Net loss for the period	-	-	(23,492)
Balance - April 30, 1993	6,000,000	60,000	(23,492)
Stock issued for cash pursuant to a public offering	500,000	500,000	-
Net loss for the year	-	-	(394,263)
Balance - April 30, 1994	6,500,000	560,000	(417,755)
Stock issued for cash pursuant to:			
options exercised	10,000	1,000	-
a private placement	250,000	562,500	-
warrants exercised	170,200	213,000	-
Net loss for the year	-	-	(1,225,743)
Balance - April 30, 1995	6,930,200	1,336,500	(1,643,498)
Stock issued for cash pursuant to:			
options exercised	232,500	75,800	-
warrants exercised	132,200	198,300	-
a private offering memorandum	341,000	682,000	-
Net loss for the year	-	-	(796,905)
Balance - April 30, 1996	7,635,900	2,292,600	(2,440,403)
Stock issued for cash pursuant to			
options exercised	137,000	13,700	-
warrants exercised	185,400	278,100	-
private placements	165,000	257,500	-
Net loss for the year	-	-	(510,184)
Balance - April 30, 1997	8,123,300	2,841,900	(2,950,587)
Stock issued for cash pursuant to			
options exercised	50,000	5,000	-
a units offering	500,000	500,000	-
Stock issued for acquisition of AVFS rights	400,000	288,251	-
Stock issued for financial consulting services	125,000	170,250	-
Stock issued to settle an accrued liability	50,000	25,000	-
Net loss for the year	-	-	(580,901)
Balance - April 30, 1998	9,248,300	3,830,401	(3,531,488)

(The accompanying notes are an integral part of the financial statements)

REGI U.S., Inc.
(A Development Stage Company)
Statements of Shareholders' Equity
From July 27, 1992 (Inception) to April 30, 2000

[Enlarge/Download Table]

	Common Stock Shares #	Common Stock Amount $	Deficit Accumulated During the Development Stage $
Balance carried forward	9,248,300	3,830,401	(3,531,488)
Stock issued for financial consulting services	100,000	71,046	-
Net loss for the year	-	-	(397,924)
Balance - April 30, 1999	9,348,300	3,901,447	(3,929,412)
Stock issued for cash pursuant to a private placement	852,101	639,075	-
less cash commission paid	-	(47,607)	-
warrants exercised	17,334	17,334	-
Net loss for the year	-	-	(413,495)
Balance - April 30, 2000	10,217,735	4,510,249	(4,342,907)

(The accompanying notes are an integral part of the financial statements)

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

1. Development Stage Company

REGI U.S., Inc. herein ("*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 the U.S., are held by Rand Energy Group Inc. ("*REGI*") 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 REGI will fund 50%.

The Company acquired the world-wide marketing and intellectual rights, other than Canada, to the Air/Vapor Flow System ("*AVFS*"). See Note 4(d).

In a development stage company, management devotes most of its activities to establishing a new business. Planned principal activities have not yet produced significant revenues and the Company has suffered recurring operating losses as is normal in development stage companies. The Company also has a working capital deficit of $216,509. These factors raise 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.

During the year the Company raised a further $531,575 gross, $483,968 pursuant to a private placement of 852,101 units at $0.75 per unit, $107,500 was received in fiscal 1999. These units were issued on December 20, 1999 and each unit contained one share and one warrant to acquire one additional share at $1.00 per share if exercised in year one after receipt of funds. These funds raised do not 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. Warrants with respect to 834,767 shares at $1.00 per share may be exercised to net $834,767 and options with respect to 815,000 shares at prices between $0.75 and $1.00 per share may be exercised to net $655,000.

The Company receives interim support from its ultimate parent company ($110,000 subsequent to April 30, 2000) and plans to raise additional funds from equity financing which is yet to be negotiated.

2. Summary of Significant Accounting Policies

(a) Fixed Assets

Computer equipment is amortized over 3 years on a straight-line basis.

(b) Intangible Assets

Costs to register and protect patents and to acquire rights are capitalized as incurred. These costs are being amortized on a straight line basis over 20 years. Intangible assets are evaluated in each reporting period to determine if there were events or circumstances which would indicate a possible inability to recover the carrying amount. Such evaluation is based on various analyses including assessing the Company's ability to bring the commercial applications to market, related profitability projections and undiscounted cash flows relating to each application which necessarily involves significant management judgment.

2. Summary of Significant Accounting Policies (continued)

(c) Basic and Diluted Net Income (Loss) per Share

The Company computes net income (loss) per share in accordance with SFAS No. 128, *"Earnings per Share"* (SFAS 128). SFAS 128 requires presentation of both basic and diluted earnings per shares (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if-converted method. In computing Diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential common shares if their effect is antidilutive.

Loss per share for 2000 and 1999 does not include the effect of the potential conversions of stock options, warrants or convertible debentures, as their effect would be anti-dilutive.

(d) Accounting for Stock Based Compensation

The Company uses the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion No. 25, *"Accounting for Stock Issued to Employees"* (*"APB Opinion No. 25"*) in accounting for its stock based method, compensation cost is the excess, if any, of the fair market value of the stock at grant date over the amount an employee or director must pay to acquire the stock. See Note 6(b).

(e) Cash and Cash Equivalents

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

(f) Foreign Currency Transactions/Balances

Transactions in currencies other than the U.S. dollar are translated at the rate in effect on the transaction date. Any balance sheet items denominated in foreign currencies are translated into U.S. dollars using the rate in effect on the balance sheet date.

(g) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 periods. Actual results could differ from those estimates.

(h) Tax Accounting

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. Research and development costs are deducted in the year incurred and added to net operating loss.

The Company has adopted Statement of Financial Accounting Standards No. 109 (*"SFAS 109"*) as of its inception. The Company has incurred net operating losses as scheduled below:

Year of Loss	Amount $	Year of Expiration
1993	23,000	2008
1994	393,000	2009
1995	1,007,000	2010
1996	792,000	2011
1997	521,000	2012
1998	605,000	2013
1999	417,000	2014
2000	429,000	2015
	4,187,000	

2. Summary of Significant Accounting Policies (continued)

(h) Tax Accounting

Pursuant to SFAS 109 the Company is required to compute tax asset benefits for net operating losses carried forward. Potential benefit of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

The components of the net deferred tax asset at the end of April 30, 2000 and 1999, and the statutory tax rate, the effective tax rate and the elected amount of the valuation allowance are scheduled below:

	2000 $	1999 $
Net Operating Loss	429,000	417,000
Statutory Tax Rate	113,900 + 34% in excess of $335,000	113,900 + 34% in excess of $335,000
Effective Tax Rate	-	-
Deferred Tax Asset	145,000	142,000
Valuation Allowance	(145,000)	(142,000)
Net Deferred Tax Asset	-	-

3. Fixed Assets

	Cost $	Accumulated Amortization $	2000 Net Book Value $	1999 Net Book Value $
Computer equipment	5,452	1,157	4,295	-

4. Intangible Assets

	Cost $	Accumulated Amortization $	2000 Net Book Value $	1999 Net Book Value $
Patents - RC/DC Engine	78,495	15,180	63,315	55,183
Patents - AVFS	4,137	361	3,776	3,984
AVFS rights ((d) below)	374,751	46,869	327,882	346,618
	457,383	62,410	394,973	405,785

(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 expensed as research and development.

(b) Pursuant to an agreement with Brian Cherry (a director) dated July 30, 1992 and amended November 23, 1992 and April 13, 1993, the Company acquired the U.S. rights to the improved axial vane rotary engine known as the RC/DC Engine. On November 9, 1993, in consideration for the transferred technology, Mr. Cherry 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 expensed as research and development. A 1% net profit royalty will be due to the director.

4. Intangible Assets (continued)

(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, licenses, royalties or income derived from the patented technology.

(d) On June 22, 1997 the Company acquired the U.S. rights to an Air/Vapor Flow System *"AVFS"*. The Company paid $50,000 and 200,000 shares at a fair value of $154,665. The Company will pay to the inventor 8.5% on net sales derived from the AVFS. On December 31, 1997, the Company acquired the world-wide rights (except Canada) to the AVFS by paying $36,500 and issuing a further 200,000 shares at a fair value of $133,586. The inventor will also receive a minimum annual royalty of $24,000 per year beginning October 1, 1997, payable quarterly.

5. Convertible Debentures

The Company issued three year, 8 3/4% interest, convertible debentures and raised $50,000. The 8 3/4% interest is paid annually and the debentures are convertible into common shares at $1.25, $1.50 and $1.75 in years one, two and three, respectively. In the event the shares are trading below $2.00 per share during any consecutive ten trading days during the last month of the third year, the convertible debentures will be exercisable at 20% below the said ten-day average. The maturity date is June 15, 2000. The Company subsequently redeemed the debentures on their maturity date.

6. Common Stock

(a) Warrants outstanding

Number of Shares	Exercise Price $	Expiry Dates
500,000	1.25	September 23, 2000 to December 11, 2000
834,767	1.00	May 3, 2000 to September 28, 2000

(b) Stock Option Plan

The Company has a Stock Option Plan to issue up to 1,000,000 shares to certain key directors and employees, approved April 30, 1993 and amended March 30, 1995. On March 30, 1995 the Company registered the 1,000,000 shares for issuance under the Stock Option Plan which was amended November 1, 1996. Pursuant to the Plan the Company has granted stock options to certain directors and employees.

The options are granted for services provided to the Company. Statement of Financial Accounting Standards No. 123 (*"SFAS 123"*) requires that an enterprise recognize, or at its option, disclose the impact of the fair value of stock options and other forms of stock based compensation in the determination of income. The Company has elected under SFAS 123 to continue to measure compensation costs on the intrinsic value basis set out in APB Opinion No. 25. As stock options are granted at exercise prices based on the market price of the Company's shares at the date of grant, no compensation cost is recognized. However, under SFAS 123, the impact on net income and income per share of the fair value of stock options must be measured and disclosed on a fair value based method on a pro forma basis. As performance stock is issued for services rendered the fair value of the shares issued is recorded as compensation expense or capitalized, at the date the conditions are met to issue shares.

The fair value of the employee's purchase rights, pursuant to stock options, under SFAS 123, was estimated using the Black-Scholes model.

6. Common Stock (continued)

(b) Stock Option Plan

The weighted average number of shares under option and option price for the year ended April 30, 2000 is as follows:

	Shares Under Option #	Weighted Average Option Price $
Beginning of year	570,000	.76
Granted	250,000	.90
Exercised	-	-
Cancelled	-	-
Lapsed	(5,000)	(.75)
End of year	815,000	.80

If compensation expense had been determined pursuant to SFAS 123, the Company's net loss and net loss per share for fiscal 2000 and 1999 would have been as follows:

	2000 $	1999 $
Net loss		
As reported	(333,665)	(309,502)
Pro forma	(344,607)	(318,842)
Basic net loss per share		
As reported	(.04)	(.03)
Pro forma	(.04)	(.03)

(c) Performance Stock Plan

The Company has allotted 1,000,000 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.

(d) Private Placement

During the year, the Company has raised a further $531,575 for a total of $639,075 raised pursuant to a private placement of 852,101 units at $0.75 per unit. Each unit contained one share and one warrant to acquire one additional share at $1.00 per share if exercised during year one after receipt of the subscription funds. A total of 17,334 shares were issued pursuant to warrants exercised at $1.00 per share.

A financing fee of $47,608 was paid to an employee in connection with finding subscribers for this private placement which was deducted from the proceeds as a capital transaction.

7. Due to Affiliates

Amounts owing to affiliates are unsecured, non-interest bearing and are due on demand.

8. Commitments and Contingent Liabilities

(a) See Note 4 for royalty commitments in connection with the RC/DC Engine and the AVFS.

(b) See Note 6 for commitments to issue shares.

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

(d) See Note 1 for going concern considerations.

PART III

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT; COMPLIANCE WITH SECTION 16 (a) OF THE EXCHANGE ACT.

Directors and Executive Officers of the Registrant

The following table sets forth the name, age and position of each Executive Officer and Director of the Company:

NAME	AGE	POSITION
John G. Robertson	59	Chairman of the Board of Directors, President and Chief Executive Officer
Brian Cherry	60	Vice-President, Secretary and Director
Jennifer Lorette	28	Vice-President and Chief Financial Officer
Patrick Badgley	56	Vice-President, Research and Development

Mr. Robertson and Mr. Cherry have held their positions since the formation of the Company in July, 1992. All officers currently devote part-time to the operation of the Company.

There are no family relationships between any director or executive officer and any other director or executive officer.

John G. Robertson - Chairman of the Board of Directors, President, Chief Executive Officer

Mr. Robertson has been the Chairman, President and Chief Executive Officer of the Company since its formation. Since October 1984 Mr. Robertson has been President and a Director of Reg Technologies Inc., a British Columbia corporation listed on the Vancouver Stock Exchange that has financed the research on the Rand Cam Engine since 1986. REGI U.S. is controlled by Rand Energy Group, Inc., a British Columbia corporation of which Reg Technologies Inc. is the majority shareholder. REGI U.S. owns the U.S. rights to the Rand Cam (TM) technology and Rand Energy Group, Inc. owns the worldwide rights exclusive of the U.S. Mr. Robertson is President, Principal Executive Officer and a member of the Board of Directors of IAS Communications, Inc., an Oregon corporation traded on the OTC bulletin board, which is developing a new type of antenna system. Since June 1997 Mr. Robertson has been President, Principal Executive Officer and a Director of Information-Highway.com, Inc., a Florida corporation traded on the OTC bulletin board, and its predecessor. He is also the President and Founder of Teryl Resources Corp., a public company trading on the Vancouver Stock Exchange involved in gold, diamond, and oil and gas exploration. He is also President of Linux Wizardry Systems, Inc. (formerly Flame Petro Minerals Corp.), a public company trading on the OTC Bulletin Board. Linux Wizardry's Apprentice Router allows small businesses to establish and manage network connections without the need of a Network specialist. Since May 1977 Mr. Robertson has been President and a member of the Board of Directors of SMR Investments Ltd., a British Columbia corporation engaged in the business of management and investment consulting.

Brian Cherry - Vice President, Secretary and Director

Mr. Cherry has been Vice President, Secretary and a Director of the Company since its inception. Since October 1994 Mr. Cherry has served as Vice President in charge of patents and technology for the Rand Cam Engine. Since April 1990 Mr. Cherry has been a director of Reg Technologies, Inc., a British Columbia corporation listed on the Vancouver Stock Exchange that has financed the research on the Rand Cam Engine since 1986.

Jennifer Lorette - Vice President and Chief Financial Officer

Ms. Lorette has been Vice President and Chief Financial Officer of the Company since June 1994. Since April 1994 she has also been Vice President of Administration for Reg Technologies, Inc., a British Columbia corporation listed on the Vancouver Stock Exchange that has financed the research on the Rand Cam Engine since 1986. REGI U.S. is controlled by Rand Energy Group, Inc., a British Columbia corporation of which Reg Technologies Inc. is the majority shareholder. Since February 1995 Ms. Lorette has been Secretary/Treasurer, Principal Financial Officer and Principal Accounting Officer of IAS Communications Inc., an Oregon corporation traded on the OTC bulletin board. Since June 1997 Ms.

Lorette has been Secretary/Treasurer, Principal Financial Officer, Principal Accounting Officer and a Director of Information-Highway.com, Inc., a Florida corporation traded on the OTC bulletin board, and its predecessor. Since June 1994 Ms. Lorette has also been Chief Financial Officer and Vice President of LinuxWixardry Stystems, Inc. (formerly Flame Petro-Minerals Corp.).

Patrick R. Badgley - Vice President, Research and Development

Mr. Badgley was appointed Vice President, Research and Development of the Company in February 1994. He is directing and participating in the technical development of the Rand Cam compressor, gasoline engine and diesel engine. Since July 1993 Mr. Badgley has been a Director of Reg Technologies Inc., a British Columbia corporation listed on the Vancouver Stock Exchange that has financed the research on the Rand Cam Engine since 1986. REGI U.S. is controlled by Rand Energy Group, Inc., a British Columbia corporation of which Reg Technologies Inc. is the majority shareholder. Between 1986 and 1994, Mr. Badgley was the Director of Research and Development at Adiabatics, Inc., in Columbus, Indiana, where he directly oversaw several government and privately sponsored research programs involving engines. He was the Program Manager for the Gas Research Institute project for emissions reduction of two-stoke cycle natural gas engines. He was also Program Manger for several coal fuel diesel engine programs for the Department of Energy and for uncooled engine programs for a Wankel engine for NASA and for a piston type diesel engine for the U.S. Army. Mr. Badgley's work has covered all phases of research, design, development and manufacturing, from research on ultra-high speed solenoids and fuel sprays, to new product conceptualization and production implementation of fuel pumps and fuel injectors. Mr. Badgley received his Bachelor of Science degree in Mechanical Engineering from Ohio State University. Since February 1995 Mr. Badgley has been a director and officer of IAS Communications Inc., an Oregon corporation traded on the OTC bulletin board.

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely upon a review of Forms 3, 4 and 5 furnished to the Company, other than Mr. Badgley, who furnished no Forms to the Company during the year, no officer, director or beneficial owner of more than ten percent of the Common Stock of the Company failed to file on a timely basis reports required to be filed by Section 16(a) of the Exchange Act during the most recent fiscal year.

ITEM 10. EXECUTIVE COMPENSATION

No executive officer had an annual salary and bonus in excess of $100,000 during the past fiscal year. Mr. Robertson received no compensation from the Company in fiscal year 2000, and has not received options to purchase shares of the Company's common stock in any of fiscal years 2000, 1999, or 1998.

On March 31, 1994, the Company entered into a management agreement with Access Information Services, Inc., a Washington corporation which is owned and controlled by the Robertson Family Trust. The Company retained Access at the rate of $2,500 per month to provide certain management, administrative, and financial services for the Company.

The Company may in the future create retirement, pension, profit sharing, insurance and medical reimbursement plans covering its Officers and Directors. At the present time, no such plans exist. No advances have been made or are contemplated by the Company to any of its Officers or Directors. Directors receive no compensation for their service as such. Compensation of officers and directors is determined by the Company's Board of Directors and is not subject to shareholder approval.

The following table sets forth certain information with respect to options exercised during the fiscal year ended April 30, 2000 by the Company's Chief Executive Officer, and with respect to unexercised options held by the Company's Cheif Executive Officer at the end of fiscal 2000.

AGGREGATE OPTION EXERCISES IN LAST FISCAL YEAR AND YEAR END OPTION VALUES

[Enlarge/Download Table]

Name	Shares Acquired on Exercise	Value Realized	Number of Unexercised Options at Year End		Value of Unexercised Options at Year End	
			Exercisable	Unexercisable	Exercisable	Unexercisable
John G. Robertson	-0-	-0-	300,000	-0-	-0-(1)	-0-

(1)The calculation of the value of unexercised options is based on the difference between the last sale price of $0.78125 per share for the Company's Common Stock on April 30, 2000, and the exercise price of each option ($1.00), multiplied by the number of shares covered by the option.

The Company does not have any Long Term Incentive Plans.

The Company does not have any employment contracts, termination of employment and change of control arrangements.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of July 31, 2000, the outstanding Class A

Common Stock of the Company owned of record or beneficially by each person who owned of record, or was known by the Company to own beneficially, more than 5% of the Company's Common Stock, and the name and shareholdings of each Executive Officer and Director and all Executive Officers and Directors as a group. A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from the date of this report upon the exercise of warrants or options. Each beneficial owner's percentage ownership is determined by assuming that options that are held by such person and which are exercisable within 60 days from the date are exercised.

[Enlarge/Download Table]

NAME	CLASS A SHARES OWNED	PERCENTAGE OF CLASS A SHARES OWNED
John G. Robertson, Chairman of the Board of Directors, President and Chief Executive Officer (1) (2)	5,676,050	56.5%
The Watchtower Society (3)	5,367,900	53%
James McCann (4)	5,367,900	53%
Rand Energy Group Inc. (5)	5,367,900	53%
Brian Cherry, Vice President, Secretary and Director (6)	300,500	2.9%
Jennifer Lorette, Vice President and Chief Financial Officer (7)	60,500	*
Patrick Badgley, Vice President, Research and Development	--	*
ALL EXECUTIVE OFFICERS & DIRECTORS AS A GROUP (FOUR INDIVIDUALS) (8)	**6,037,050**	**59%**

Except as noted below, all shares are held beneficially and of record and each record shareholder has sole voting and investment power.

* Less than one percent

(1) These individuals may be deemed to be *"parents or founders"* of the Company as that term is defined in the Rules and Regulations promulgated under the Securities Act of 1933.

(2) Includes 5,367,900 shares registered in the name of Rand Energy Group Inc. See Note (5) below for an explanation of the beneficial ownership of Rand

Energy Group Inc. Mr. Robertson disclaims beneficial ownership of these shares beyond the extent of his pecuniary interest. Also includes 300,000 options that are currently exercisable. Mr. Robertson's address is the same as the Company's.

(3) Includes 5,367,900 shares registered in the name of Rand Energy Group Inc. See Note (5) below for an explanation of the beneficial ownership of Rand Energy Group Inc.

(4) Includes 5,367,900 shares registered in the name of Rand Energy Group Inc. See Note (5) below for an explanation of the beneficial ownership of Rand Energy Group Inc.

(5) Rand Energy Group Inc. is owned 51% by Reg Technologies Inc. and 49% by Rand Cam Engine Corp. Under Rule 13d-3 under the Securities Exchange Act of 1934, both Reg Technologies Inc. and Rand Cam Engine Corp. could be considered the beneficial owner of the 5,367,900 shares registered in the name of Rand Energy Group Inc.

Reg Technologies Inc. is a British Columbia corporation listed on the Vancouver Stock Exchange that has financed the research on the Rand Cam Engine since 1986. Since October 1984 Mr. Robertson has been President and a Director of Reg Technologies Inc. SMR Investment Ltd., a British Columbia corporation, holds a controlling interest in Reg Technologies Inc. Since May 1977 Mr. Robertson has been President and a member of the Board of Directors of SMR Investments Ltd. Susanne M. Robertson, Mr. Robertson's wife, owns SMR Investment Ltd. Accordingly, in Note (2) above, beneficial ownership of the 5,367,900 shares registered in the name of Rand Energy Group Inc. has been attributed to Mr. Robertson. The Company believes it would be misleading and not provide clear disclosure to list as beneficial owners in the table the other entities and persons discussed in this paragraph, although a strict reading of Rule 13d-3 under the Securities Exchange Act of 1934 might require each such entity and person to be listed in the beneficial ownership table.

Rand Cam Engine Corp. is a privately held company whose stock is reportedly owned 50% by The Watchtower Society, a religious organization, 34% by James McCann and the balance by several other shareholders. Mr. McCann has indicated that he donated the shares held by The Watchtower Society to that organization but has retained a voting proxy for those shares. Accordingly, in Notes (3) and (4) above, beneficial ownership of the 5,367,900 shares registered in the name of Rand Energy Group Inc. has been attributed to The Watchtower Society and Mr. McCann. The Company believes it would be misleading and not provide clear disclosure to list as beneficial owners in the table the other entities and persons discussed in this paragraph, although a strict reading of Rule 13d-3 under the Securities Exchange Act

of 1934 might require each such entity and person to be listed in the beneficial ownership table.

(6) Includes 125,000 options that are currently exercisable. Mr. Cherry's address is the same as the Company's.

(7) Includes 60,000 options that are currently exercisable. Ms. Lorette's address is the same as the Company's.

(8) Includes 5,367,900 shares registered in the name of Rand Energy Group Inc. whose beneficial ownership is attributed to Mr. Robertson as set forth in Note (2) above. See Note (5) above for an explanation of the beneficial ownership of Rand Energy Group Inc. Mr. Robertson disclaims beneficial ownership of these shares beyond the extent of his pecuniary interest. Also includes 485,000 options that are currently exercisable.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Pursuant to the August 1992 Agreement the Company issued 5,700,000 shares of its Common Stock at a deemed value of $0.01 per share to Rand Energy Group Inc., a privately held British Columbia corporation (*"RAND"*) in exchange for certain valuable rights, technology, information, and other tangible and intangible assets relating to the United States rights to the Original Engine. RAND is owned 51% by Reg Technologies Inc., a British Columbia corporation listed on the Vancouver Stock Exchange (*"Reg Tech"*), and 49% by Rand Cam Engine Corp. Reg Tech's president is also the president of the Company and its Vice President and Secretary is also Vice President and Secretary of the Company.

The Company also agreed to pay semi-annually to RAND a royalty of 5% of any net profits to be derived by the Company from revenues received as a result of its license of the Original Engine.

As part of the August 1992 Agreement, the Company also agreed to pay semi-annually to Brian Cherry a royalty of 1% of any net profits to be derived by the Company from revenues received as a result of this agreement.

Also in August 1992, the Company sold 300,000 shares of its Common Stock at $0.01 per share to Brian Cherry.

In the April 1993 Agreement, an amendment to a previous Amendment Agreement dated November 23, 1992, between RAND, Reg Tech and Brian Cherry and an original agreement dated July 30, 1992, between RAND, Reg Tech and Brian Cherry, Cherry agreed to: (a) sell, transfer and assign to RAND all his right, title and interest in and to the technology related to the RC/DC Engine, including all pending and future patent applications in respect of the Technology for all countries except the United States of America, together with any improvements, changes or other

variations to the Technology; (b) sell, transfer and assign to the Company (then called Sky Technologies Inc.), all his right, title and interest in and to the Technology, including all pending and future patent applications in respect of the Technology for the United States of America, together with any improvements, changes or other variations to the Technology.

Other provisions of the April 1993 Agreement call for the Company (a) to pay to RAND a continuing royalty of 5% of the net profits derived from the Technology by the Company and (b) to pay to Brian Cherry a continuing royalty of 1% of the net profits derived from the Technology by the Company.

A final provision of the April 1993 Agreement assigns and transfers ownership to the Company of any patents, inventions, copyrights, know-how, technical data, and related types of intellectual property conceived, developed or created by RAND or its associated companies either prior to or subsequent to the date of the agreement, which results or derives from the direct or indirect use of the Original Engine and/or RC/DC Engine technologies by RAND.

In November 1993, in consideration for certain technology transferred to the Company, as described above, Brian Cherry was issued 100,000 Common Shares of Reg Tech (deemed value $200,000). There was no connection between this transaction and the transaction involving the acquisition of the Canadian rights to the Machine Vision Technology described below. At that time the Company did not have available cash to pay to Mr. Cherry and there was no public market for the stock of the Company. Based upon his desire for some degree of immediate liquidity, management agreed to issue shares of Reg Tech to Mr. Cherry and to treat this as an advance. As previously noted, Reg Tech owns 51% of RAND which owns 76.7% of the Common Stock of the Company. Both Mr. Cherry and Mr. Robertson are officers and directors of both the Company and Reg Tech.

The terms of the agreements referenced above were negotiated by the parties in non-arm's-length transactions but were deemed by the parties involved to be fair and equitable under the circumstances existing at the time.

In 1995, the Company acquired an exclusive limited sublicense to market and distribute in Canada for the following consideration:

A. $200,000 (paid).
B. royalty payments equal to 2% of all net revenue derived from sales in Canada, to be paid 30 days after the end of each calendar quarter.
C. minimum annual royalty payments as follows:

	$
December 31, 1996	1,000
December 31, 1997	3,000
December 31, 1998	4,500
annually thereafter	6,000

On October 31, 1995, the Company sold its rights to the Machine Vision Technology to Reg Tech for $200,000. All obligations pursuant to the sublicense were transferred to Reg Tech.

ITEM 13(a). EXHIBITS.

Number	Description	Page No.
3.1	Articles of Incorporation	(1)
3.2	Article of Amendment changing name to REGI U.S., Inc.	(2)
3.3	By-Laws	(1)
4.1	Specimen Share Certificate	(1)
4.2	Specimen Warrant Certificate	(1)
10.1	Consulting Agreement, dated December 1, 1999, between Regi U.S., Inc. and Patrick Badgley	
10.2	Special Service Proposal, dated December 21, 1999, between Regi U.S. and ColTec, Inc.	
23.1	Consent of Independent Auditors	
27.1	Financial Data Schedule	

(1) Incorporated by reference from Form 10-SB Registration Statement filed April 26, 1994.

(2) Incorporated by reference from 10-Q Report for the quarter ended 7-30-94.

ITEM 13(b). REPORTS ON FORM 8-K.

None.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report or amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

REGI U.S., INC.

By: /s/ ***John G. Robertson***

John G. Robertson, President
Chief Executive Officer and Director

Dated: August 31, 2000

In accordance with the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated below.

Signature	Title	Date
/s/ ***John G. Robertson***	President, Chief Executive Officer and Director	8/31/00
(John G. Robertson)		
/s/ ***Brian Cherry***	Vice President, Secretary and Director	8/31/00
(Brian Cherry)		
/s/ ***Jennifer Lorette***	Vice President, Chief Financial Officer and Principal Accounting Officer	8/31/00
(Jennifer Lorette)		

[Download Table]

EXHIBIT INDEX

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Dates Referenced Herein *and* Documents Incorporated by Reference

This '10KSB' Filing	*Date*	*Referenced-On Page* First	Last	*Other Filings*
	12/11/00	31		
	9/28/00	31		
	9/23/00	31		
Filed on:	8/31/00	42		
	7/31/00	1	36	10QSB
	7/19/00	22		NT 10-K
	6/15/00	31		
	5/3/00	31		
For Period End:	4/30/00	1	36	NT 10-K
	1/31/00	17		10QSB
	1/14/00	11	19	
	12/21/99	41	43	
	12/20/99	19	28	
	12/1/99	9	43	
	10/31/99	17		10QSB
	10/4/99	10		
	10/1/99	10		
	7/31/99	17		10QSB, NT 10-Q
	6/21/99	5		
	6/11/99	10		
	5/18/99	10		
	5/1/99	10	19	
	4/30/99	17	30	10KSB, 10KSB/A
	1/31/99	17		10QSB, NT 10-Q
	10/31/98	17		10QSB
	7/31/98	17		10QSB, NT 10-Q
	6/1/98	9		
	3/12/98	8		
	1/6/98	6		
	12/31/97	31		
	11/20/97	9		
	10/1/97	7	31	10QSB
	9/2/97	7		NTN 10K
	8/26/97	7		
	6/27/97	32		
	6/22/97	31		
	11/1/96	31		
	10/1/96	6		
	10/31/95	41		
	7/4/95	3	14	
	3/30/95	31		
	9/21/94	17		
	8/1/94	3		
	4/26/94	41	43	
	3/31/94	36		
	12/13/93	5	31	
	11/9/93	4	30	
	5/19/93	12		
	5/1/93	3		
	4/30/93	31		
	4/13/93	4	30	
	11/23/92	4	39	
	8/20/92	4	30	
	7/30/92	4	39	
	7/27/92	3	28	

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