**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**

# FORM 10-Q

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

**For the quarterly period ended September 30, 2013**

Commission File Number: **814-00710**
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## REGAL ONE CORPORATION

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Florida | 95-4158065 |
| (State of incorporation) | (I.R.S. Employer Identification No.) |

| | |
|---|---|
| P.O.Box 25610, Scottsdale, AZ | 85255-0110 |
| (Address of principal executive offices) | (Zip Code) |

(Issuer's telephone number) (310) 312-6888
------------------------------------------------------------------------------

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of accelerated filer, large accelerated filer and smaller reporting company in rule 12b-2 of the exchange act. (Check one.)
Large accelerated filer [] Accelerated filer []
Non Accelerated filer [X] Smaller Reporting Company []

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

Indicate the number of shares outstanding of each of the Issuer's classes of stock, as of the latest practical date.

As of November 14, 2013, there were 3,633,067 shares of common stock, par value $0.001 and 100,000 shares of Series B convertible preferred stock no par, issued and outstanding. The outstanding Series B convertible preferred stock is convertible into an aggregate of 10,000,000 shares of common stock.



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PART I. FINANCIAL INFORMATION

**PART I FINANCIAL INFORMATION**

**REGAL ONE CORPORATION**
**BALANCE SHEETS**

| | Sept 30, 2013 (Unaudited) | December 31, 2012 |
|---|---|---|
| **ASSETS** | | |
| Investments: | | |
| Investments in non-affiliated companies | $ 995,097 | $ 357,447 |
| Investments in non-affiliated companies pledged to secure note payable – officer | 93,125 | 68,125 |
| Total investments | 1,088,222 | 425,572 |
| Cash | 37,951 | 19,121 |
| Prepaid insurance | 2,270 | 22,708 |
| **Total assets** | $ 1,128,443 | $ 467,401 |
| **LIABILITIES & NET ASSETS** | | |
| Accounts payable and accrued liabilities | $ 12,641 | $ 27,550 |
| Accounts payable – related party | 92,750 | 72,950 |
| Note payable – officer | 23,000 | 47,366 |
| Accrued interest – notes payable – officer | 639 | 1,433 |
| Dividends payable | 600 | 600 |
| **Total liabilities** | 129,630 | 149,899 |
| **Net assets** | $ 998,813 | $ 317,502 |

| | September 30, 2013 | December 31, 2012 |
|---|---|---|
| | ========== | =========== |
| **Net assets are comprised of:** | | |
| Preferred stock, no par value | | |
| Series A - Authorized 50,000 shares, none issued and outstanding at September 30, 2013 and December 31, 2012 | $ -- | $ -- |
| Series B - Authorized 500,000 shares, 100,000 issued and outstanding at September 30, 2013 and December 31, 2012 | 500 | 500 |
| Common stock, par value $0.001, Authorized 50,000,000 shares; 3,633,067 shares issued and outstanding at September 30, 2013 and December 31, 2012 | 3,633 | 3,633 |
| Additional paid-in capital | 8,373,060 | 8,373,060 |
| Losses and distributions in excess of earnings | (8,043,821) | (8,421,673) |
| Net unrealized appreciation on investments | 665,440 | 361,982 |
| | ----------- | ----------- |
| Total net assets | 998,813 | 317,502 |
| | ----------- | ----------- |
| TOTAL LIABILITIES AND NET ASSETS | $ 1,128,443 | $ 467,401 |
| | ============ | =========== |
| Net asset value per outstanding share of common stock | $ 0.275 | $ 0.087 |


The accompanying notes are an integral part of the financial statements.

**REGAL ONE CORPORATION**
**SCHEDULE OF INVESTMENTS**
September 30, 2013
(Unaudited)

Equity Investments:

| ıpany | Description of Business | Percent Ownership | Carrying Cost Investment | Fair Market Value | Affiliation |
|---|---|---|---|---|---|
| ɾalstem, Inc.(CUR) | Biomedical company | 0.3% | $ 9,228 (1) | $ 582,650 | No |
| ɾalstem Warrant | Biomedical company | - | 50,000 (2) | 504,000 | No |
| ͗ Money Market Trust | Money Market Fund | - | 372 (3) | 372 | No |
| .part Detection Systems | Manufacturing | - | 1,200 (4) | 1,200 | No |
| | | | --------- | --------- | |
| Total Investments | | | $ 60,800 | $ 1,088,222 | |

(1) As of September 30, 2013 there were 215,000 Neuralstem shares held reported on a fair value basis at the closing market price of $2.71 with no reduction in fair market value applied. 5,000 shares were sold in the first quarter of 2013, 25,000 shares sold in the second quarter, and an additional 35,000 shares were sold in the third quarter. 62,500 shares have been classified as Investments in non-affiliated companies – Pledged to secure note payable – officer.

(2) Regal also has one ten year Neuralstem warrant to purchase 1,000,000 common stock shares at an exercise price of $5.00 per share which is above the present fair market value of Neuralstem shares. As of September 30, 2013 using a Black-Scholes Option Pricing model, a $582,650 value has been assigned to these warrants including a 10% discount assigned by management due to low trading volumes of Neuralstem stock. There is currently no market for Neuralstem options carried as an investment.

To calculate the September 30, 2013 value of the Neuralstem warrant Management used the following factors in a Black-Scholes Option Pricing Model:

Number of shares in option: 1,000,000
Date option was issued: 9/15/2005
Remaining term of option in years: 1.96
Neuralstem Common Stock closing price on 09/30/2013: $2.71
Annual volatility: 69.964%
Discount Rate based on Daily Treasury Bills long term rates on 09/30/13: 1.00%
Management estimated discount applied to fair market value: 10.0%

(3) The company had $372 in a money market fund as of 9/30/2013 with an investment brokerage.

(4) Regal purchased common stock valued at $1,200 as an investment in Rampart Detection Systems Ltd.





**REGAL ONE CORPORATION**
**SCHEDULE OF INVESTMENTS**
December 31, 2012

Equity Investments:

| pany | Description of Business | Percent Ownership | Carrying Cost Investment | Fair Market Value | Affiliation |
|---|---|---|---|---|---|
| ralstem, Inc.(CUR) | Biomedical company | 0.4% | $ 12,018 (1) | $ 305,200 | No |
| ralstem Warrant | Biomedical company | | 50,000 (2) | 118,800 | No |
| Money Market Trust | Money Market Fund | | 372 (3) | 372 | No |
| part Detection Systems | Manufacturing | | 1,200 (4) | 1,200 | No |
| | | | --------- | --------- | |
| Total Investments | | | $ 63,590 | $ 425,572 | |

(1) As of December 31, 2012, there were 280,000 Neuralstem shares held reported on a fair value basis valued at the closing market price of $ 1.09 with no reduction in fair market value applied. 70,500 shares were sold during 2012. 62,500 shares have been classified as Investments in non-affiliated companies – Pledged to secure note payable - officer.

(2) Regal also has a ten year Neuralstem warrant to purchase 1,000,000 common stock shares at an exercise price of $5.00 per share which is significantly above the present fair market value of Neuralstem shares. As of December 31, 2012 using a Black-Scholes Option Pricing Model, a $118,800 value was assigned to these warrants including a 10% discount assigned by management due to the low trading volumes of Neuralstem stock. There is currently no market for Neuralstem options carried as an investment.

To calculate the December 31, 2012 value of the Neuralstem warrant Management used the following factors in a Black-Scholes Option Pricing Model:

Number of shares in option: 1,000,000
Date option was issued: 9/15/2005
Remaining term of option in years: 2.7
Neuralstem Common Stock closing price on 12/31/2012: 1.09
Annual volatility: 75.033%
Discount Rate based on Daily Treasury Bills long term rates on 12/31/2012: 0.25%
Management estimated discount applied to fair market value: 10.0%

(3) The Company had $372 in a money market fund at 12/31/2012.

(4) Regal purchased common stock valued at $1,200 as an investment in Rampart Detection Systems Ltd.

The accompanying notes are an integral part of the financial statements.

**REGAL ONE CORPORATION**
**STATEMENTS OF CHANGES IN NET ASSETS**
**(UNAUDITED)**

| | Nine Months Ended September 30, 2013 | Nine Months Ended September 30, 2012 |
|---|---|---|
| OPERATIONS: | | |
| Net investment loss | $ (85,859) | $ (94,930) |
| Net realized gain on investments | 104,162 | 52,641 |
| Unrealized appreciation of investments | 280,240 | 38,935 |
| Unrealized appreciation of warrant investment | 385,200 | 60,300 |
| Interest expense – related party | (2,049) | (2,063) |
| Interest expense | (384) | (487) |
| Income tax expense | -- | (50) |
| Net increase in net assets resulting from operations | 681,310 | 54,347 |
| SHAREHOLDER ACTIVITY: | | |
| Declared dividend | -- | -- |
| NET INCREASE IN NET ASSETS | 681,310 | 54,347 |
| NET ASSETS: | | |
| Beginning of period | 317,503 | 369,642 |
| End of period | 998,812 | 423,989 |
| Average net assets | $ 658,157 | $ 396,815 |
| Ratios to average net assets: | | |
| Net operating expenses | 13.0% | 23.9% |
| Net investment gain | 103.5% | 13.7% |
| Per share ratios: | | |
| Operating expense ratio | 2.4% | 2.6% |
| Net gain ratio | 18.8% | 1.5% |

The accompanying notes are an integral part of the financial statements.

**REGAL ONE CORPORATION**
**STATEMENTS OF OPERATIONS**
**(Unaudited)**

| | Three Months Ended Sept 30, 2013 | Three Months Ended Sept 30, 2012 | Nine Months Ended Sept 30, 2013 | Nine Months Ended Sept 30, 2012 |
|---|---|---|---|---|
| **Investment income:** | $ -- | $ -- | $ -- | $ -- |
| Operating expenses: | | | | |
| Professional services | 5,687 | 1,290 | 16,912 | 25,451 |
| Accounting fees – related party | 14,100 | 14,100 | 42,300 | 44,550 |
| Interest expense | 672 | 749 | 2,433 | 2,550 |
| Other selling, general and administrative expenses | 9,818 | 8,812 | 26,647 | 24,929 |
| Income tax expense | | | | 50 |
| Total operating expenses | 30,277 | 24,951 | 88,292 | 97,530 |
| **Net investment loss** | (30,277) | (24,951) | (88,292) | (97,530) |
| **Realized and unrealized gain (loss) on investments** | | | | |
| Net realized gain on investments | 68,200 | 19,122 | 104,162 | 52,641 |
| Net unrealized appreciation on investments | 211,652 | 85,405 | 280,240 | 38,935 |
| Net unrealized appreciation on warrant investment | 363,600 | 91,800 | 385,200 | 60,300 |
| Net realized and unrealized gain on investments | 643,452 | 196,327 | 769,602 | 151,876 |
| Net increase in net assets resulting from operations | $ 613,175 | $ 171,377 | $ 681,310 | $ 54,346 |
| **Per share information:** | | | | |
| Weighted average common shares Outstanding: | | | | |
| Basic | 3,633,067 | 3,633,067 | 3,633,067 | 3,633,067 |
| Diluted (1) | 13,633,067 | 13,633,067 | 13,633,067 | 13,633,067 |
| Net increase in net assets resulting from operations per share: | | | | |
| Basic | $ 0.169 | $ 0.047 | $ 0.188 | $ 0.015 |
| Diluted | $ 0.045 | $ 0.013 | $ 0.050 | $ 0.004 |

(1) Includes Series B Preferred Shares convertible at 100 for 1.

The accompanying notes are an integral part of the financial statements.

**REGAL ONE CORPORATION**
**STATEMENTS OF CASH FLOWS**

| | Nine Months Ended September 30, 2013 (Unaudited) | Nine Months Ended September 30, 2012 (Unaudited) |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net increase in net assets from operations | $ 681,310 | $ 54,346 |
| Adjustments to reconcile net increase (decrease) in net assets from operating activities: | | |
| Realized gain on sale of investments | (104,162) | (52,641) |
| Unrealized (increase) decrease in investments | (277,450) | (36,768) |
| Unrealized (increase) decrease in warrants | (385,200) | (60,300) |
| Changes in operating assets and liabilities: | | |
| Prepaid expense | 20,438 | 20,437 |
| Accounts payable and accrued expenses | 4,891 | (14,414) |
| Accounts Payable – related party | - | 44,550 |
| **Net cash used in operating activities** | (60,172) | (44,789) |
| **Cash flows from investing activities:** | | |
| Proceeds from sale of investments | 104,161 | 52,641 |
| **Net cash provided by investing activities** | 104,161 | 52,641 |
| **Cash flows from financing activities:** | | |
| Proceeds from (payments on) related party loans and interest | (25,159) | 2,063 |
| **Net cash provided (used in)by financing activities** | (25,159) | 2,063 |
| **Net change in cash** | 18,830 | 9,915 |
| Cash at beginning of period | 19,121 | 3,106 |
| Cash at end of period | $ 37,951 | $ 13,021 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

| | | |
|---|---|---|
| Cash paid for interest | $ 2,433 | $ -- |



The accompanying notes are an integral part of the financial statements.

**REGAL ONE CORPORATION**
**STATEMENTS OF FINANCIAL HIGHLIGHTS**

| | Nine Months Ended September 30, 2013 (Unaudited) | Nine Months Ended September 30, 2012 (Unaudited) |
|---|---|---|
| Per Share Unit Operating Performance | | |

| | | |
|---|---|---|
| **INCOME FROM INVESTMENT OPERATIONS:** | | |
| Net investment loss from operations | $ (0.024) | $ (0.026) |
| Net realized gain on investments | 0.029 | 0.014 |
| Net unrealized appreciation of investments | 0.077 | 0.011 |
| Net unrealized appreciation of warrant investment | 0.106 | 0.017 |
| Net increase (decrease) in net assets from operations | 0.188 | 0.016 |
| **SHAREHOLDER ACTIVITY** | | |
| Declared dividend | -- | -- |
| NET INCREASE IN NET ASSETS | 0.188 | 0.016 |
| NET ASSETS | | |
| Beginning of period | 0.087 | 0.102 |
| End of period | 0.275 | 0.117 |
| **TOTAL NET ASSET VALUE RETURN** | 103.52% | 13.70% |
| **RATIOS AND SUPPLEMENTAL DATA:** | | |
| Ratios to average net assets: | | |
| Net expenses | 13.05% | 23.92% |



The accompanying notes are an integral part of the financial statements.

## REGAL ONE CORPORATION
## NOTES TO FINANCIAL STATEMENTS
## (Unaudited)

### NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

**Business**

Regal One Corporation (the "Company" or "Regal One") located in Scottsdale, Arizona, is a Florida corporation initially incorporated in 1959 as Electro-Mechanical Services Inc. Since inception the Company has been involved in a number of industries. In 1998 we changed our name to Regal One Corporation. On March 7, 2005, our board of directors determined it was in our shareholder's best interest to change the focus of the Company's operation to that of providing financial services through our network of advisors and professionals, and to be treated as a business development company ("BDC") under the Investment Company Act of 1940. On September 16, 2005, we filed a Form N54A (Notification of Election by Business Development Companies), with the Securities and Exchange Commission, which transforms the Company into a Business Development Company (BDC) in accordance with sections 55 through 65 of the Investment Company Act of 1940. The Company began reporting as an operating BDC in the March 31, 2006 10-QSB.

**Accounting Policies**

**Basis of Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, ("U.S. GAAP").

**Management Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company uses estimates and assumptions in accounting for the following significant matters, among others: the valuation of portfolio investments and the assumptions used as part the going concern analysis. It is at least reasonably possible that these estimates will change in the future. Actual amounts may differ from these estimates, and such differences may be material to the financial statements. The Company periodically reviews estimates and assumptions, and the effects of any such revisions are reflected in the period in which the revision is made.

**Net Increase in Net Assets from Operations per Share**

Basic net increase in net assets from operations per share is computed by dividing the net earnings amount adjusted for any cumulative dividends on preferred stock (numerator) by the weighted average number of common shares outstanding during the period (denominator). Diluted net increase in net assets from operations per share amounts reflect the maximum dilution that would have resulted from the assumed conversion of the Series B Convertible Preferred Stock. Diluted net increase in net assets



from operations per share is computed by dividing the net earnings amount adjusted for any cumulative dividends on preferred stock by the weighted average number of common and potentially dilutive securities outstanding during the period. For all periods presented that indicate a net decrease in net assets from operations, the above potentially dilutive securities are excluded from the computation as their effect is anti-dilutive.

**Income Taxes**

The Company has not elected to be a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended. Accordingly, the Company will be subject to U.S. federal income taxes on sales of investments for which the fair values are in excess of their tax basis. Income taxes are accounted for using an asset and liability approach for financial reporting. The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the financial statement carrying amount and the tax basis of assets and liabilities and net operating loss and tax credit carry forwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. For years before 2010, the Company is no longer subject to U.S. Federal income tax examinations.

**Advertising**

The Company expenses advertising costs when incurred. There were no advertising fees incurred during the period.

**Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation**

Gains or losses on the sale of investments are calculated using the specific identification method. The Company measures realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized upfront fees and prepayment penalties. Net change in unrealized appreciation or depreciation will reflect the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

**NOTE 2 – GOING CONCERN**

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the creation of assets and the liquidation of liabilities in the normal course of business. The Company does not currently generate operating revenue and must liquidate the Company's investment portfolio to provide cash flow for its operations. The Company is actively seeking sources of revenue for its consulting services but does not have contractual obligations now or in the near future to generate revenue. This fact and the volatile market conditions effecting the Company’s investment has raised substantial doubt regarding Regal's ability to continue as a going concern. In response, management will continue to liquidate assets as necessary while actively searching out new equity investors and continue to rely upon current shareholders to provide loans or additional investment to meet the Company’s ongoing obligations. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**NOTE 3 - FAIR VALUE OF FINANCICAL INSTRUMENTS**

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The carrying value of cash, and accounts payable, note payable officer, and accrued interest approximates fair value due to the short maturity nature of these instruments.

Assets measured at fair value on a recurring basis at September 30, 2013:

| Equity Investments: | Level of Investment | Carrying Cost Investment | Fair Market Value |
|---|---|---|---|
| Neuralstem, Inc.(CUR) | Level 1 | $ 9,228 | $582,650 |
| LMP Money Market Trust Fund | Level 1 | 372 | 372 |
| Rampart Detection Systems | Level 2 | 1,200 | 1,200 |
| Neuralstem Warrant | Level 3 | 50,000 | 504,000 |
| Total investments | | $ 60,800 | $1,088,222 |

Assets measured at fair value on a recurring basis at December 31, 2012: Fair

| Equity Investments: | Level of Investment | Carrying Cost Investment | Market Value |
|---|---|---|---|
| Neuralstem, Inc.(CUR) | Level 1 | $ 12,018 | $305,200 |
| LMP Money Market Trust Fund | Level 1 | 372 | 372 |
| Rampart Detection Systems | Level 2 | 1,200 | 1,200 |
| Neuralstem Warrant | Level 3 | 50,000 | 118,800 |
| Total investments | | $ 63,590 | $425,572 |



Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are:

| | |
|---|---|
| Beginning balance as of December 31, 2012 | $ 118,800 |
| Net change in unrealized appreciation of warrant investment | 385,200 |
| Ending balance as of September 30, 2013 | $ 504,000 |

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are:

| | |
|---|---|
| Beginning balance as of December 31, 2011 | $ 95,400 |
| Net change in unrealized depreciation of warrant investment | (35,100) |
| Ending balance as of September 30, 2012 | $ 60,300 |

The table below presents the significant unobservable inputs used to value the Company's Level 3 financial instruments:

| Level 3 financial instruments | Significant unobservable inputs by valuation technique | Significant unobservable inputs as of September 30, 2013 |
|---|---|---|
| Warrants | Liquidity discount outside Black-Scholes pricing model | 10% |

All other assumptions used in Black-Scholes pricing model were observable.

**NOTE 4 - EQUITY TRANSACTIONS**

The Company's outstanding common share balances as of September 30, 2013 and at December 31, 2012 are 3,633,067 of $0.001 par value common shares.

The Company's Certificate of Incorporation allows for segregating preferred stock into separate series. As of September 30, 2013 and December 31, 2012, the Company had authorized 50,000,000 total preferred shares with 50,000 shares of Series A preferred stock and 500,000 shares of Series B convertible preferred stock. There were no outstanding shares of Series A preferred stock and 100,000 shares of Series B convertible preferred stock were issued and outstanding.

Holders of Series A convertible preferred stock shall be entitled to voting rights equivalent to 1,000 shares of common stock for each share of preferred. The Series A preferred stock has certain dividend and liquidation preferences over common stockholders.

Holders of Series B preferred stock shall be entitled to voting rights equivalent to 100 shares of common stock for each share of preferred. The Series B convertible preferred stock had been entitled to a non-cumulative dividend of 8.75% of revenues which exceed $5,000,000. In 2004, the Series B class shareholders voted by a large majority to void the dividend preference. At the option of the holder of Series B convertible preferred stock, each share is convertible into common stock at a rate of 100 shares of common for each share of preferred.



As of the nine months ended September 30, 2013 and the year ended December 31, 2012, no dividends have been declared on the Series A or Series B convertible preferred stock

**NOTE 5 - INVESTMENTS**

**Neuralstem, Inc.**

At September 30, 2013, the Company owned 215,000 common shares of Neuralstem, Inc. held as an investment. These shares had a valuation of $582,650 based on the closing market price of the stock. 5,000, 25,000 and 35,000 shares were sold in the first, second, and third quarter of 2013, respectively, to finance operations. 152,500 of these shares are not restricted and are freely tradable with 62,500 shares being restricted as they are held as collateral for a note payable to a related party.

Regal One also has one ten year warrant for 1,000,000 common shares of Neuralstem at an exercise price of $5 per share which is significantly above the present fair market value of Neuralstem shares. There is currently no market for Neuralstem warrants. The price of the underlying publicly traded common stock is used as a significant input in the valuation process.

As of September 30, 2013, using a Black-Scholes Option Pricing model, a $504,000 fair value has been assigned to this warrant including a 10% discount assigned by management due to low trading volume of Neuralstem common stock. Regal recorded a $27,000 unrealized loss on the investment in the first quarter of 2013, a $48,600 unrealized gain in the second quarter, and a $363,300 unrealized gain in the third quarter due to changes in the fair value as determined by the Black-Scholes model. The gain in the current quarter is primarily due to the increase in the fair value of Neuralstem’s common stock.

The Board of Directors is responsible for determining in good faith the fair value of the securities and assets held by the Company. The Investment Committee of the Board of Directors has adopted provisions for valuation of the portfolio as described in Note 3 under Fair Value Accounting through ASC 820. The Investment Committee bases its determination on, among other things, applicable quantitative and qualitative factors. These factors may include, but are not limited to, the type of securities, the nature of the business of the portfolio company, the marketability of and the valuation of securities of publicly traded companies in the same or similar industries, current financial conditions and operating results of the portfolio company, sales and earnings growth of the portfolio company, operating revenues of the portfolio company, competitive conditions, and current and prospective conditions in the overall stock market. Without a readily recognized market value, the estimated value of some portfolio securities may differ significantly from the values that would be placed on the portfolio if there was a ready market for such equity securities.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

Related party transactions in the third quarter of 2013 included accounting consulting fees of $14,100 earned by Bernard L. Brodkorb who is a Director of Regal One. These fees for the nine-month period ended September 30, 2012 totaled $42,300. These fees have not been paid and are currently held as Accounts Payable – Related party. The total balance payable to Bernard L. Brodkorb for his services was $92,750 and $72,950 as of September 30, 2013 and December 31, 2012, respectively.



Interest was also accrued against notes payable to officers in the amount of $639. This accrued interest is associated with one current single note payable to officers in the amount of $23,000 and has 62,500 shares of Neuralstem stock pledged as collateral against this note as described above in Note 5 - Investments. This note bears interest at a rate of 6% per annum and was due with interest thereon as of December 31, 2012. As of September 30, 2013, the note holder and management have agreed to renew the note with identical terms payable in full with accrued interest thereon. There is currently $639 interest accrued on this note as of September 30, 2013 and it is due and payable in full on December 31, 2013.



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

**FORWARD LOOKING STATEMENTS**

In this report we make a number of statements, referred to as "forward-looking statements", which are intended to convey our expectations or predictions regarding the occurrence of possible future events or the existence of trends and factors that may impact our future plans and operating results. These forward-looking statements are derived, in part, from various assumptions and analyses we have made in the context of our current business plan and information currently available to us and in light of our experience and perceptions of historical trends, current conditions and expected future developments and other factors we believe are appropriate in the circumstances. You can generally identify forward looking statements through words and phrases such as "believe", "expect", "seek", "estimate", "anticipate", "intend", "plan", "budget", "project", "may likely result", "may be", "may continue" and other similar expressions. When reading any forward-looking statement you should remain mindful that actual results or developments may vary substantially from those expected as expressed in or implied by that statement for a number of reasons or factors, including but not limited to:

The type and character of our future investments

Future sources of revenue and or income

Increases in operating expenses

Future trends with regard to net investment losses

How long cash on hand can sustain our operations as well as other statements regarding our future operations, financial condition and prospects and business strategies.

These forward-looking statements are subject to certain risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.



## DESCRIPTION OF BUSINESS

### Overview

We are a financial services company which coaches and assists biomedical companies, through our network of professionals, in listing their securities on the over-the-counter market.

We were initially incorporated in 1959 as Electro-Mechanical Services Inc. in the state of Florida. In 1998 we changed our name to Regal One Corporation. On March 7, 2005, our Board of Directors determined it was in our shareholder's best interest to change the focus of the Company's operation to providing financial services through our network of advisors and professionals. Typically these services are provided to early stage biomedical companies who can benefit from our managerial skills, network of professionals and other partners.

Our clients' are usually in the early stage of development, typically have limited resources and compensate us for our services in capital stock. Accordingly, although our primary business is to provide consulting services and not to be engaged, directly or through wholly-owned subsidiaries, in the business of investing, reinvesting, owning, holding or trading in securities, we may nonetheless be considered an investment company as defined in the Investment Company Act of 1940 (1940 Act). In order to lessen the regulatory restrictions associated with the requirements of the 1940 Act, on September 16, 2005, we elected to be treated as a Business Development Company (BDC) in accordance with sections 55 through 65 of the 1940 Act.

Pursuant to the requirements of the Investment Company Act of 1940, as amended, the Board of Directors is responsible for determining in good faith the fair value of the securities and assets held by the Company. The Investment Committee of the Board of Directors bases its determination on, among other things, applicable quantitative and qualitative factors. These factors may include, but are not limited to, the type of securities, the nature of the business of the portfolio company, the marketability of the valuation of securities of publicly traded companies in the same or similar industries, current financial conditions and operating results of the portfolio company, sales and earnings growth of the portfolio company, operating revenues of the portfolio company, competitive conditions, and current and prospective conditions in the overall stock market. Without a readily recognized market value, the estimated value of some portfolio securities may differ significantly from the values that would be placed on the portfolio should there be a ready market for such equity securities currently in existence.

**Strategy**

We intend to focus our efforts on assisting private biomedical companies with distinctive IP and well-defined, near-term applications that address significant and quantifiable markets and that can benefit from our network of business professionals. Our Investment Committee has adopted a charter wherein these criteria will be weighed against other criteria including:

Strategic fit,

Management ability, and

Incremental value we can bring to the potential client.

The potential client must also be willing to comply with the Company's requirement as a BDC to offer significant managerial oversight and guidance, including the right of the Company to a seat on the client's board of directors.

To date we have secured our clients through word of mouth or industry referrals from lawyers, accountants and other professionals. In looking at prospective clients, we do not focus on any particular geographic region and would consider clients globally.

**Portfolio Investments**

During the nine months ended September 30, 2013, we did not add any companies to our portfolio. Our portfolio valued at fair market value is as follows:

Regal One Corporation Portfolio Investments

| Name of Company | Investment | Fair value of Investments as of September 30, 2013 |
|---|---|---|
| Neuralstem, Inc. (OTCBB: CUR) | Common Stock | $582,650 |
| Neuralstem, Inc. | Warrants | 504,000 |
| Rampart Detection Systems | Common Stock | 1,200 |
| LMP Money Market Trust Fund | Money Market Fund | 372 |

Neuralstem, Inc. ("Neuralstem") is a life sciences company focused on the development and commercialization of treatments based on transplanting human neural stem cells. At present, Neuralstem is pre-revenue and has not yet undertaken any clinical trials with regard to their technology.

Neuralstem has developed and maintains a portfolio of patents and patent applications that form the proprietary base for their research and development efforts in the area of neural stem cell research. Neuralstem, Inc. has ownership or exclusive licensing of four issued patents and 13 patent pending applications in the field of regenerative medicine and related technologies.

The field in which Neuralstem focuses on is young and emerging. There can be no assurances that their intellectual property portfolio will ultimately produce viable commercialized products and processes. Even if they are able to produce a commercially viable product, there are strong competitors in this field and their product may not be able to successfully compete against them.



As of September 30, 2013, the Company holds 215,000 shares of Neuralstem, Inc. common stock and warrants to purchase an additional 1,000,000 shares of common stock at an option price of $5.00 per share.

**Employees**

We have one part-time employee. We expect to use independent consultants, attorneys, and accountants as necessary and do not anticipate a need to engage any additional full-time employees as long as business needs are being identified and evaluated. The need for employees and their availability will be addressed in connection with a decision concerning whether or not to acquire or participate in a specific business venture.

**Compliance with BDC Reporting Requirements**

The Board of Directors of the Company, comprising a majority of Independent Directors, adopted in March 2006 a number of resolutions, codes and charters to complete compliance with BDC operating requirements prior to reporting as a BDC. These include establishing Board committees for Audit, Nominating, Compensation, Investment, and Corporate Governance, and adopting a Code of Ethics, an Audit Committee Charter and an Investment Committee Charter.

Code of Ethics: The Code of Ethics in general prohibits any officer, director or advisory person (collectively, "Access Person") of the Company from acquiring any interest in any security which the Company (i) is considering a purchase or sale thereof, (ii) is being purchased or sold by the Company, or (iii) is being sold short by the Company. The Access Person is required to advise the Company in writing of his or her acquisition or sale of any such security. The Company's Code of Ethics is posted on our website at www.regal1.com.

Audit Committee: The primary responsibility of the Audit Committee is to oversee the Company's financial reporting process on behalf of the Company's Board of Directors and report the result of its activities to the Board. Such responsibilities shall include but not be limited to the selection, and if necessary, the replacement of the Company's independent registered public accounting firm; the review and discussion with such independent registered public accounting firm and the Company's internal audit department of (i) the overall scope and plans for the audit, (ii) the adequacy and effectiveness of the accounting and financial controls, including the Company's system to monitor and manage business risks, and legal and ethical programs, and (iii) the results of the annual audit, including the financial statements to be included in the Company's annual report on Form 10-K.

The Company's Audit and Compensation Committee is comprised of one director. We anticipate that additional board members will be admitted and will augment the current audit committee.



Investment Committee: The Investment Committee shall have oversight responsibility with respect to reviewing and overseeing the Company's contemplated investments and portfolio companies on behalf of the Board and shall report the results of their activities to the Board. Such Investment Committee shall (i) have the ultimate authority for and responsibility to evaluate and recommend investments, and (ii) review and discuss with management (a) the performance of portfolio companies, (b) the diversity and risk of the Company's investment portfolio, and, where appropriate, make recommendations respecting the role, divestiture or addition of portfolio investments and (c) all solicited and unsolicited offers to purchase portfolio company positions.

**Compliance with the Sarbanes-Oxley Act of 2002**

The Sarbanes-Oxley Act of 2002 imposes a wide variety of new regulatory requirements on publicly held companies and their insiders including for example:

Our chief executive officer and chief financial officer must now certify the accuracy of the financial statements contained in our periodic reports;

Periodic reports must disclose our conclusions about the effectiveness of our controls and procedures;

Our periodic reports must disclose whether there were significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses; and

The Company may not make any loan to any director or executive officer and we may not materially modify any existing loans.

The Sarbanes-Oxley Act required us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the new regulations promulgated within the regulations stated in the SOX Act of 2002. We will continue to monitor our compliance with all future regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith.

**Financial Condition Overview**

The Company's total assets were $1,128,443 and its net assets were $998,813 at September 30, 2013, compared to $467,401 and $317,502, respectively at December 31, 2012. The changes in total assets during the nine months ended September 30, 2013 were primarily attributable to a gain of $385,200 in unrealized appreciation in warrant investments and $280,240 in unrealized appreciation on portfolio investments. The Company's unrealized appreciation (depreciation) varies significantly from period to period as a result of the wide fluctuations in value of the Company's portfolio securities and the number of shares owned.

The changes in net assets during the nine months ended September 30, 2013 were attributable to the same factors attributable to total assets above as there was no shareholder activity.

The Company's financial condition is dependent on a number of factors including the ability of each portfolio company to effectuate its respective strategies with the Company's help. These businesses are frequently thinly capitalized, unproven, small companies that may lack management depth, and may be dependent on new or commercially unproven technologies, and which may have little or no operating history.

**Result of Operations for the nine month period ending September 30, 2013 vs. 2012.**

**Operating Expenses**

For the nine months ended September 30, 2013, operating expenses were $85,859 compared to $94,930 for the comparable period of 2012. The decrease for the nine month period ending September 30, 2013 compared to the comparable period of 2012 was primarily due to decreased professional services expenses of $8,539.

**Net Increase in Net Assets resulting from Operations**

For the nine months ending September 30, 2013, our net increase in net assets resulting from operations was $681,310 compared to a net increase in net assets resulting from operations of $54,346 for the comparable period in 2012. The net change of $613,175 in the three month period ending September 30, 2013 as compared to the comparable period ended September 30, 2012 was attributable to the factors discussed above.

**Other increases in net assets from investments**

For the nine months ended September 30, 2013, net assets increased by $681,310. This increase is primarily from the unrealized gain on portfolio securities and investment warrants of $665,440. This compares to an unrealized investment gain of $99,235 for the comparable period in 2012. A $52,641 realized gain position on the sale of portfolio investments was reported for 2012 compared to a gain of $104,162 for the same period in 2013. Refer to the Statements of Operations page F-6.



**Liquidity and Capital Resources**

At September 30, 2013, we had $624,443 in liquid and semi-liquid assets mainly consisting of $37,951 in cash, $2,270 in Prepaid Insurance expense, a $1,200 investment, and $583,022 in unrestricted investments at fair market value (which does not include the $504,000 Neuralstem warrant investment). For the nine month period ended September 30, 2013, we primarily satisfied our working capital needs through sales of marketable securities. Working capital expenditures included: (i) a decrease in prepaid insurance in the amount of $20,438.

The Company may receive loans from an established collateralized loan account with a securities broker/dealer that as of September 30, 2013 held 215,000 shares of Regal's Neuralstem stock. No additional loans were required during the third quarter of 2013, leaving a balance of $23,000 plus $639 in accrued interest.

From inception, the Company has relied on the infusion of capital through capital share transactions and loans. The Company plans to either: (i) dispose of its current portfolio securities to meet operational needs; or (ii) borrow against such securities via a traditional margin account or other such credit facility. Any such dispositions may have to be made at inopportune times and there is no assurance that, in light of the lack of liquidity in such shares, they could be sold at all, or if sold, could bring values approximating the estimates of fair value set forth in the Company financial statements.

Additionally, when the Company enters into a margin agreement loan using its portfolio securities as collateral, a decrease in their market value may result in a liquidation of such securities which could greatly depress the value of such securities in the market. The Company's average current monthly cash operating expense is approximately $6,686. Because our revenues, if generated, tend to be in the form of portfolio securities, such revenues are not normally of a type capable of being liquidated to satisfy the Company's ongoing monthly expenses. Consequently, for us to be able to avoid having to defer expenses or sell portfolio companies' securities to raise cash to pay operating expenses, we are constantly seeking to secure adequate funding under acceptable terms.



**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Our business activities contain high elements of risk. The Company considers a principal type of market risk to be a valuation risk. All assets are valued at fair value as determined in good faith by or under the direction of the Board of Directors (which is based, in part, on quoted market prices of similar investments).

Market prices of common equity securities in general, are subject to fluctuations that could cause the amount to be realized upon sale to differ significantly from the current reported value. The fluctuations may result from perceived changes in the underlying economic characteristics of the Company's portfolio companies, the relative prices of alternative investments, general market conditions and supply and demand imbalances for a particular security.

Neither the Company's investments nor an investment in the Company is intended to constitute a balanced investment program. The Company will be subject to exposure in the public-market pricing and the risks inherent therein.

**Item 4. Controls and Procedures**

**Evaluation of Controls and Procedures**

The Company's management, under the supervision and with the participation of various members of management, including our CEO and our CFO, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of the end of the period covered by this quarterly report. Based upon that evaluation, our CEO and CFO have concluded that our current disclosure controls and procedures are not effective as of the end of the period covered by this quarterly report.

The Company has not established adequate financial reporting monitoring activities to mitigate the risk of management override. Specifically, there is a lack of segregation of duties as there is only one officer/employee overseeing the finance department. Although the controls are not effective, this material weakness did not result in any material misstatements in our financial statements.

**Changes in Internal Controls**

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934) that occurred during the nine months ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.



**PART II - OTHER INFORMATION**

**Item 1. Legal Proceedings**

As of the date of this quarterly report and subsequent events, there are no additional material pending legal or governmental proceedings relating to our company or properties to which we are a party, and to our knowledge there are no other material proceedings to which any of our directors, executive officers or affiliates are a party adverse to us or which have a material interest adverse to us.

**Item 1A. Risk Factors**

As of September 30, 2013 there are no material changes for risk factors since previously disclosed in the Company ’s 2012 Form 10-K.



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

None

**Item 3. Defaults upon Senior Securities**

None

**Item 4. Mine Safety Disclosures**

None.

**Item 5. Other Information**

None

**Item 6. Exhibits and Reports on Form 8-K filed during the quarter**

**Exhibits**

The following exhibits are included as part of this Report on Form 10-Q. References to "the Company" in this Exhibit List mean Regal One Corporation, a Florida corporation.

| Exhibit Number Description | Filed Herewith |
|---|---|
| 31.1 Certification of the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | [X] |
| 32.1 Certification of Principal Executive Officer Pursuant to 18 U.S.C Section 1350. | [X] |

**Form 8-K Reports filed during the quarter**

None



**SIGNATURES**

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

**Regal One Corporation**

Dated: November 14, 2013
By:/S/ Charles J. Newman
Charles J. Newman
Chief Executive Officer, Chief Financial Officer

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below constitutes and appoints Charles J. Newman, as his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Quarterly Report on Form 10-Q, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

**OFFICERS AND DIRECTORS**

| Name | Title | Date |
|---|---|---|
| /s/ Charles J. Newman<br>By: Charles J. Newman | Chief Executive Officer, Chief Financial Officer, and Director (Principal Executive Officer) | November 14, 2013 |
| /s/ Malcolm Currie<br>By: Malcolm Currie | Director | November 14, 2013 |
| /s/ Bernard L. Brodkorb<br>By: Bernard L. Brodkorb | Director | November 14, 2013 |

EXHIBIT 31.1

**RULE 13A-14(a)/15D-14(a) CERTIFICATION OF CEO**

I, Charles J. Newman, certify that:

(1) I have reviewed this annual report on Form 10-Q (the "Report") of Regal One Corporation (the "Registrant");

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its unconsolidated investments, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions);

<page>

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Charles J. Newman
By: Charles J. Newman,
Chief Executive Officer and Chief Financial Officer

Date: November 14, 2013

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-Q of Regal One Corporation (the "Registrant") for the period ending September 30, 2013, (the "Report") as filed with the Securities and Exchange Commission on the date hereof, I, Charles J. Newman, Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) the Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of the operation of the Registrant.

/s/ Charles J. Newman
By: Charles J. Newman
Chief Executive Officer and Chief Financial Officer

Date: November 14, 2013