

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 or 15(d) of the

SECURITIES EXCHANGE ACT OF 1934

For the Quarterly period ended June 30, 2006

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-17843

REGAL ONE CORPORATION

(name of small business issuer as specified in its charter)

Florida

(State or other jurisdiction of
Incorporation or Organization)

95-4158065

(IRS Employer
Identification No.)

Copies to:

**Christopher H. Dieterich, Esq.
Dieterich & Associates
11300 West Olympic Blvd., Suite 800
Los Angeles, California 90064**

**Raul Silvestre
Law Offices of Raul Silvestre & Associates, APLC
31200 Via Colinas, Suite 200
Westlake Village, CA 91362**

(310) 312-6888

(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or 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 NO

Is the Company a shell company as defined in Rule 12b-2? YES NO

As of June 30, 2006, the Company had 4,633,067 shares of common stock issued and outstanding and 100,000 shares of convertible preferred stock issued and outstanding, with that total number of preferred shares convertible into 10,000,000 shares of the Company's common stock.

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PART 1 – FINANCIAL INFORMATION

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A Professional Corporation
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Regal One Corporation

I have reviewed the accompanying balance sheet of Regal One Corporation as of June 30, 2006 and the related statements of operations and cash flows for the three-month and six-month periods ended June 30, 2006 and 2005. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my reviews.

I conducted my reviews in accordance with standards of the Public Company Accounting Oversight Board (United States of America). A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with accounting principles generally accepted in the United States.

As discussed in Note 2, certain conditions raise substantial doubt that the Company may be able to continue as a going concern. The accompanying financial statements do not include any adjustments to the financial statements that might be necessary should the Company be unable to continue as a going concern.

As discussed in Note 1 "Basis of Presentation", consolidated financial statements were included in the 2004 quarterly 10-QSB filings with the SEC. However, because of pending litigation between the Company and its wholly owned subsidiary it was not possible to consolidate the parent company with its subsidiary as of June 30, 2006, March 31, 2006 and December 31, 2005 and for operations and cash flows for the quarter and year periods then ended.

George Brenner, CPA
Los Angeles, California
August 3, 2006

Item 1. Financial Statements

REGAL ONE CORPORATION
BALANCE SHEETS
JUNE 30, 2006 AND DECEMBER 31, 2005

| | June 30, 2006 | Dec 31, 2005 |
|--|----------------------|---------------------|
| | (Unaudited) | (Audited) |
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 29,110 | \$ 1,283 |
| Prepaid Expense | 3,000 | 3,000 |
| Miscellaneous Receivable | 5,296 | 5,296 |
| Advances to Subsidiary | 518,490 | 518,490 |
| Less: Allowance for Collectability of Advance to Subsidiary | (518,490) | (518,490) |
| Total Current Assets | 37,406 | 9,579 |
| Deferred Tax Assets – net | | |
| | --- | --- |
| Investments | | |
| Investment in Subsidiary | 649,526 | 649,526 |
| Less: Impairment of Value of Investment in Subsidiary | (649,526) | (649,526) |
| Investments in Non-Affiliated Portfolio Companies | 579,210 | 229,087 |
| Total Investments | 579,210 | 229,087 |
| TOTAL ASSETS | \$ 616,616 | \$ 238,666 |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Current Liabilities | | |
| Due to Stockholders and Officers | \$ 213,258 | \$ 200,258 |
| Accounts Payable and Accrued Liabilities | 394,950 | 320,105 |
| Total Current Liabilities | 608,208 | 520,363 |
| Stockholders' Equity (Deficit) | | |
| Preferred Stock, no par value | | |
| Series A - Authorized 50,000 shares; 0 issued and outstanding in 2006 and 2005 | --- | --- |
| Series B - Authorized 500,000 shares; 100,000 issued and outstanding in 2006 and 2005 | 500 | 500 |
| Common Stock, no par value: | | |
| Authorized 50,000,000 shares; issued and outstanding 4,633,067 and 4,270,567 as of Mar 31, 2006 and Dec 31, 2005, respectively | 8,184,567 | 8,039,567 |
| Paid In Capital | 136,555 | --- |
| Accumulated Deficit | (8,313,213) | (8,321,764) |
| Net Stockholders' Equity (Deficit) | 8,408 | (281,697) |
| TOTAL LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT) | \$ 616,616 | \$ 238,666 |
| | \$ | \$ |
| Net Asset Value Per Common Share | 0.002 | (0.066) |

See Accompanying Notes to the Financial Statements and Registered Accountant's Report.

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REGAL ONE CORPORATION
SCHEDULE OF INVESTMENTS
JUNE 30, 2006
(Unaudited)

Equity Investments:

| Company | Description of Business | Percent Ownership | Investment | Fair Value | Affiliation |
|----------------------------|--------------------------------|--------------------------|-------------------|-------------------|--------------------|
| | | | \$ | \$ | |
| Neuralstem | Biomedical company | 7% | 52,791 | (1) 472,623 | No |
| American Stem Cell | Biomedical company | 8% | \$ 34,087 | \$ 34,087 | No |
| SuperOxide Health Sciences | Biomedical company | 8% | \$ 145,000 | \$ 72,500 | No |
| | | | \$ | \$ | |
| Total Investments | | | <u>\$231,878</u> | <u>579,210</u> | |

(1) 970,000 of the Neuralstem shares held by Regal are subjective to forfeiture based on a contingency concerning the effective date of Neuralstem's SB-2 registration; these shares have not been included in the unrealized appreciation adjustment made in the Quarter and six months ended June 30, 2006.

See Accompanying Notes to the Financial Statements and Registered Accountant's Report.

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REGAL ONE CORPORATION
STATEMENTS OF CHANGE IN NET ASSETS
(Unaudited)

| | For the Six Months Ended June 30, 2006 | For the Year Ended December 31, 2005 |
|---|---|---|
| OPERATIONS: | | |
| Net investment loss | \$ (338,782) | \$ (222,060) |
| Net unrealized gain (loss) on investment transactions | 347,332 | --- |
| Net increase in net assets resulting from operations | 8,550 | (222,060) |
| SHAREHOLDER ACTIVITY: | | |
| Stock sales and vested Options | 281,555 | 390,000 |
| NET INCREASE (DECREASE) IN ASSET VALUE | 290,105 | 167,940 |
| NET ASSETS: | | |
| Beginning of Period | (281,697) | (449,637) |
| End of Period | <u>\$ 8,408</u> | <u>\$ (281,697)</u> |

See Accompanying Notes to the Financial Statements and Registered Accountant's Report.

REGAL ONE CORPORATION
STATEMENTS OF OPERATIONS
For the Three and Six Months Ended June 30, 2006 and 2005
(Unaudited)

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|--|----------------------------|--------------------|--------------------------|---------------------|
| | 2006 | 2005 | 2006 | 2005 |
| Investment Income | \$ --- | \$ --- | \$ --- | \$ --- |
| Operating Expenses | | | | |
| Professional Services | 73,528 | 83,338 | 171,064 | 140,518 |
| Stock Option Expense | --- | --- | 136,555 | --- |
| Other Selling, General and Administrative Expenses | 16,928 | 3,106 | 30,363 | 3,769 |
| Total Operating Expenses | 90,456 | 86,494 | 337,982 | 144,287 |
| Net Operating Income (Loss) | (90,456) | (86,494) | (337,982) | (144,287) |
| Other Income | --- | --- | --- | --- |
| Net Income (Loss) Before Provision for Income Taxes | (90,456) | (86,494) | (337,982) | (144,287) |
| Income Tax Expenses | --- | --- | 800 | 800 |
| Net Investment Income (Loss) | (90,456) | (86,494) | (338,782) | (145,087) |
| Realized and Unrealized Gain (Loss) from Investments | | | | |
| Net Realized Gain | --- | --- | --- | --- |
| Net Increase in Unrealized Appreciation (Depreciation) | (2,791) | --- | 347,332 | --- |
| Net Realized and Unrealized Gain | (2,791) | --- | 347,332 | --- |
| Net Income (Loss) | \$ (93,247) | \$ (86,494) | \$ 8,550 | \$ (145,087) |
| Weighted Average Number of Common Shares | 4,449,825 | 3,800,930 | 4,360,691 | 3,730,321 |
| Basic Net Income (Loss) Per Common Share | \$ (0.021) | \$ (0.023) | \$ 0.002 | \$ (0.039) |
| Basic and Diluted Net Income (Loss) Per Common Share | \$ (0.021) | \$ (0.023) | \$ 0.001 | \$ (0.039) |

See Accompanying Notes to the Financial Statements and Registered Accountant's Report.

REGAL ONE CORPORATION
STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2006 and 2005
(Unaudited)

| | 2006 | 2005 |
|---|-------------------|------------------|
| Cash Flows from operating activities: | | |
| Net Income (Loss) | \$ 8,550 | \$ (145,087) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | |
| Stock options | 136,555 | --- |
| Stock for services | --- | 40,000 |
| Increase in investments in portfolio companies | (347,332) | --- |
| Changes in operating assets and liabilities: | | |
| Increase in Due to Stockholders and Officers | 13,000 | 58,000 |
| Increase in temporary overdraft | --- | 181 |
| Increase (decrease) in Accounts Payable and Accrued Exps. | 72,054 | 44,334 |
| Total Adjustments | (125,723) | 142,515 |
| Net cash provided by (used in) operating activities | (117,173) | (2,572) |
| Cash Flows used in Investing Activities: | | |
| Investment in Portfolio Companies | --- | (135,000) |
| Net cash provided by (used in) investing activities | --- | (135,000) |
| Cash Flows from Financing Activities: | | |
| Stockholder loans | --- | --- |
| Stock option exercises | --- | 135,000 |
| Sale of common stock | 145,000 | --- |
| Net cash provided by financing activities | 145,000 | 135,000 |
| Net (decrease) increase in cash | 27,827 | (2,572) |
| Cash at beginning of period | 1,283 | 2,572 |
| Cash at end of period | \$ 29,110 | \$ --- |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid for interest | \$ --- | \$ --- |
| Cash paid for income taxes | \$ --- | \$ --- |
| Non-Monetary Transactions: | | None |
| Increase in Investment in Portfolio Companies | \$ 2,791 | |
| Stock options | 136,555 | |
| Total Non-Monetary Transactions | \$ 139,346 | |

See Accompanying Notes to the Financial Statements and Registered Accountant's Report.

REGAL ONE CORPORATION
STATEMENTS OF FINANCIAL HIGHLIGHTS
(Unaudited)

Per Unit Operating Performance:

| | Six Months Ended June 30, 2006 | Year ended December 31, 2005 |
|--|---|---|
| NET ASSET VALUE, BEGINNING OF PERIOD | \$ (0.061) | (0.105) |
| INCOME FROM INVESTMENT OPERATIONS: | | |
| Net investment loss | (0.073) | (0.052) |
| Net realized and unrealized gain (loss) on investment transactions | 0.075 | - |
| Total from investment operations | 0.002 | (0.052) |
| Net increase in net assets resulting from stock transactions | 0.061 | 0.091 |
| NET ASSET VALUE, END OF PERIOD | \$ <u>0.002</u> | \$ <u>(0.066)</u> |
| TOTAL NET ASSET VALUE RETURN | <u>103%</u> | <u>37.4%</u> |
| RATIOS AND SUPPLEMENTAL DATA: | | |
| Net assets, end of period | \$ <u>8,408</u> | \$ <u>(281,697)</u> |
| Ratios to average net assets: | | |
| Net expenses | 4029% | 20.8% |
| Net investment loss | (4029%) | (20.8%) |
| Portfolio Turnover Rate | --- | --- |

See Accompanying Notes to the Financial Statements and Registered Accountant's Report.

REGAL ONE CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

See Registered Accountant's Report

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Business

Regal One Corporation (the "Company") located in Los Angeles, California, is a Florida corporation initially incorporated in 1959 as Electro-Mechanical Services Inc., in the state of Florida. Since inception we have 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 that it was in our shareholders 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 June 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 10Q-SB.

Basis of Presentation

On February 9, 2004, the Company acquired 100% of the stock of O2 Technology by issuing 1,000,000 shares valued at \$0.6495 per share for a \$649,526 investment. During the course of 2004 the Company loaned O2 Technology \$518,490 for an aggregate investment of \$1,168,016. Consolidated financial statements were included in the 10Q filings with the SEC for March 31, June 30, and September 30, 2004.

As set forth in various previous financial reports and SEC filings, the Company is seeking a rescission of the O2 Technology acquisition. The Company's CEO by action of its Board of Directors dismissed O2's CEO and ordered all books and records turned back to the Company. The CEO of O2 Technology refused the order. As a result of the above circumstances, an audit of O2 Technology could not be performed. The Company's management has elected to fully reserve the \$1,168,016 investment and seek redress through the courts. Consequently, the accompanying financial statements are not consolidated. However, pursuant to the pending results of the litigation, a possibility exists that the Company may need to amend these financial statements and file consolidated financial statements. In such event, the consolidated financial position and results of operation may materially differ from those reflected in these unconsolidated financial statements.

The accompanying unaudited financial statements for the quarters ended June 30, 2006 and 2005 have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the instructions for Form 10-QSB and Regulation S-B. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. All adjustments that, in the opinion of management, are necessary for a fair presentation of the results of operations for the interim periods have been made and are of a recurring nature unless otherwise disclosed herein. The results of operations for the quarter ended June 30, 2006 are not necessarily indicative of the results that will be realized for a full year. For further information, refer to the audited financial statements and notes thereto contained in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005.

NOTE 2 – GOING CONCERN

For the fiscal year ended December 31, 2005, the independent auditor's report included an explanatory paragraph calling attention to a going concern issue. The accompanying financial statements have been prepared assuming that Regal One Corporation will continue as a going concern. However, the Company's ability to generate sufficient cash flows to meet its obligations, either through future revenues and/or additional debt or equity financing, cannot be determined at this time. In addition, the Company has suffered recurring losses and at June 30, 2006 has an accumulated deficit. These uncertainties raise

substantial doubt about the Company's ability to continue as a going concern. Management did release and close an equity offering in the first quarter, ended March 31, 2006, raising \$145,000 from the sale of common stock. Management plans to raise additional debt and/or equity capital and to initiate revenues over the balance of this fiscal year. The Company anticipates that through its investments in portfolio companies it will be able to achieve profitable operations. However, there can be no assurance that this will be the case. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

NOTE 3 – EQUITY TRANSACTIONS

During the quarter ended March 31, 2006, the Company raised \$145,000 through the sale of 362,500 shares of newly issued, unregistered common stock. There were no equity sales in the quarter ended June 30, 2006.

During the quarter ended March 31, 2006, the Company made four option grants with the total grants amounting to 885,000 common shares of which 535,000 were vested in the quarter. An expense of \$136,555 was calculated under the Black-Scholes Option-Pricing Model and was recognized in the quarter for the vested options. All the options are exercisable at the price of \$0.50 per share, equal to or higher than the public share price on the dates of the grants, and option lives ranged from 3 years to 10 years. No options were exercised during the quarter. During the quarter ended June 30, 2006, no additional options were granted or vested, and no additional option expense was realized.

NOTE 4 – DEFERRED TAXES

The Company realized a net income in the quarter ended March 31, 2006 due to the unrealized appreciation on its investments. The deferred taxes on this net income are offset by the tax benefit arising from a Net Operating Loss carryforward that the Company has for income tax purposes. The Company's deferred tax benefits totaled \$1,306,000 at December 31, 2005 and were fully reserved at that time.

NOTE 5 – RELATED PARTY TRANSACTIONS

The amount due stockholders and officers of \$213,258 was unchanged in the quarter ended June 30, 2006 and it represents advances which are non-interest bearing, unsecured and payable on demand. Through June 30, 2006 there have been no demands made on Regal One to make any related payments.

In 2005, Regal signed an option agreement to acquire a significant equity stake in SuperOxide Health Sciences, Inc. (SOHS), a privately owned development stage company. Assuming full exercise of all rights by Regal One, it may acquire up to 40% of SuperOxide Health Sciences. As of December 31, 2005, Regal One had made a total investment of \$145,000 in SOHS as part of the agreement and in the quarter ended March 31, 2006 made a valuation adjustment to reduce the carrying cost of this investment to \$72,500, and reflects the carrying cost net of the unrealized valuation adjustment in its balance sheet. No further investment or valuation adjustment was made in the quarter ended June 30, 2006. A principal of SOHS is also principal shareholder of Regal One.

See Registered Accountant's Report.

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

Forward Looking Statements

In addition to historical information, this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements include, among other things, statements concerning our expectations regarding:

- 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. The following discussion should be read in conjunction with our Annual Report on Form 10-KSB, and the consolidated financial statements and notes thereto. 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.

Overview

We are a financial services company which coaches and assists biomedical companies through the use of our network of professionals in listing their securities on over the counter or national exchanges. We were initially incorporated in 1959 as Electro-Mechanical Services Inc., in the state of Florida. Since inception we have 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 that it was in our shareholders 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 June 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.

Investment Strategy

The Company intends to make strategic investments in private biomedical companies with distinctive IP and well-defined, near-term applications that address significant and quantifiable markets. The Investment Committee has adopted a charter wherein these criteria will be weighed against other criteria including strategic fit, management ability, and the incremental value that the Company 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 then client's board of directors.

As a BDC, the Company is required to have at least 70% of its assets in "eligible portfolio companies" which are loosely defined as any domestic company which is not publicly traded at the time of investment or that has assets less than \$4 million. The Company has stated in its Investment Committee Charter that the Company will endeavor to maintain this minimum asset ratio.

Portfolio Investments

During the three month periods ending March 31, 2006 and June 30, 2006, we did not add any companies to our portfolio. Our portfolio is comprised of three companies;

- Neuralstem, Inc., a private company focusing on human neural stem cell research and development.
- American Stem Cell, a private development stage company focusing on consolidating IP related to stem cell research.
- SuperOxide Health Sciences, Inc., a private development stage company focused on the medical applications of airborne superoxide ions.

Investment Income

We anticipate generating revenue in the form of capital gains or losses on equity securities that we acquire in portfolio companies and subsequently sell. Potentially, we also anticipate receiving dividend income on any common or preferred stock that we own should a dividend be declared. We did not have any Investment Income for the quarters ended June 30, 2006 or 2005.

Operating Expenses

For the quarter ended June 30, 2006, operating expenses were \$90,456 compared to \$86,494 for the quarter ended June 30, 2005. The 2006 amount consisted of professional services and consulting fees and general overhead. The increase of \$3,962 in the three month period ending June 30, 2006 as compared to the comparable period of 2005 is primarily attributable to increases general and administrative expenses stemming from increased activity in managing our portfolio companies.

For the six months ended June 30, 2006, operating expenses were \$338,782 compared to \$145,087 for the six months ended June 30, 2005. The 2006 amount consisted of professional services and consulting fees and general overhead. The increase of \$193,695 in the six month period ending June 30, 2006 as compared to the comparable period of 2005 is primarily attributable to increases in stock option expenses, and to increases in professional services and general and administrative expenses stemming from increased activity in managing our portfolio companies.

We anticipate operational expenses will continue to increase as we add more companies to our portfolio.

Net Investment Income/Loss

For the second quarter of 2006, net investment loss was \$90,456 compared to \$86,494 for the same quarter of 2005. The 2006 amount consisted primarily of professional services and consulting fees and general overhead. The increase of \$3,962 in the three month period ending June 30, 2006 as compared to the comparable period of 2005 is primarily attributable to the increases in general and administrative expenses associated with increased activity in our portfolio companies and our inability to have yet recognized investment income.

For the six months ended June 30, 2006, net investment loss was \$338,782 compared to \$145,087 for the six months ended June 30, 2005. The 2006 amount consisted of professional services and consulting fees and general overhead. The increase of \$193,695 in the six month period ending June 30, 2006 as compared to the comparable period of 2005 is primarily attributable to increases in stock option expenses, and to increases in professional services and general and administrative expenses stemming from increased activity in managing our portfolio companies.

We anticipate our net investment loss will continue to increase as we add more companies to our portfolio and hold the securities of our portfolio companies for long term capital growth.

Liquidity and Capital Resources

The Company has generated operating losses in the six-month period ending June 30, 2006 and in prior years and has generated an accumulated deficit of \$8,313,213 as of June 30, 2006. During the six month period ended June 30, 2006, we satisfied our working capital needs from: (i) cash on hand at the beginning of the period; (ii) gross proceeds from the sale of our common shares totaling \$145,000; (iii) an increase in loans due to officers of \$13,000, and (iv) an increase in accounts payable and current liabilities of \$74,845.

We believe the cash on hand will last through September of 2006. As of June 30, 2006 the Company had a negative working capital of \$570,802. The Company will require additional capital to meet its operating needs. There is no assurance that the Company will be able to raise any additional funds through the issuance of its preferred or common shares or that any funds made available will be adequate for the Company to continue as a going concern. Further, if the Company is unable to secure adequate funding under acceptable terms, there is substantial doubt that the company can continue as a going concern.

Item 3. Control and Procedures

We maintain controls and procedures designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported on a timely basis and accumulated and made known to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. Based on an evaluation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report conducted by our management, with the participation of the Chief Executive and Chief Financial Officers, the Chief Executive and Chief Financial Officers believe that these controls and procedures were effective as of June 30, 2006.

In evaluating changes in internal control over financial reporting during the quarter ended June 30, 2006, management identified no changes in its internal control over financial reporting that occurred during the quarter ended June 30, 2006 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On November 4, 2003 the Company and certain of its officers and consultants were named as defendants in a lawsuit by Eco Air Technologies and Svenska Gellenvent AB alleging ownership of certain technologies which the Company believed to be owned by its wholly owned subsidiary, O2 Technology, Inc. ("O2"). On August 20, 2004, the Company answered the complaint and filed a cross-complaint against certain shareholders of O2 for rescission of the O2 acquisition agreement, return of the Company's common shares and compensatory and punitive damages. In October 2005, the Company executed a settlement agreement with Eco Air Technologies whereby the Company relinquished any claims it may have to the technologies in question and obtained certain marketing rights in several foreign countries and in domestic market niches. The cross-complaint filed by the Company against O2 shareholders and their attorney and the subsequent cross complaint against the Company by O2 shareholders are unaffected by this settlement and are still being pursued by the parties.

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

None

Item 3. Defaults Upon Senior Securities

None

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

None

Item 5. Other Information

None

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Item 6. Exhibits and Reports on Form 8-K

(a) Index to Exhibits

| <u>Exhibit No</u> | <u>Description</u> |
|-------------------|---|
| 31.1 | Rule 13a-14a/15d-14(a) Certification of Chief Executive Officer |
| 31.2 | Rule 13a-14a/15d-14(a) Certification of Chief Financial Officer |
| 32.1 | Section 1350 Certification of Chief Executive Officer |
| 32.2 | Section 1350 Certification of Chief Financial Officer |

(b) Reports filed on Form 8-K during the three (3) months ending on March 31, 2006

None

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Exhibit 31.1

Pursuant to the requirements of Rule 13a-14 of the Securities Exchange Act of 1934, as amended, provides the following certification.

I, Malcolm Currie, Chairman of the Board of Directors of Regal One Corporation. ("Company"), certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Regal One Corporation
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;
4. The other directors and I are 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(f) and 15d-15(f) for the small business issuer and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to Regal One Corporation, including its consolidated subsidiaries, is made known to us by other 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 my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles.
 - c. Evaluated the effectiveness of the small business issuer'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 on such evaluation; and
 - d. Disclosed in this report any change in Regal One Corporation's internal control over financial reporting that occurred during Regal One's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, Regal One's internal control over financial reporting; and
5. The other directors and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of our board of directors (or persons performing the equivalent functions)
 - 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 Company's ability to record, process, summarize and report financial data; 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.

Date: August 4, 2006

/s/ Malcolm Currie
Malcolm Currie, Chairman, CEO, & Acting Secretary, &
Treasurer

Exhibit 31.2

Pursuant to the requirements of Rule 13a-14 of the Securities Exchange Act of 1934, as amended, provides the following certification.

I, Malcolm R. Currie, Chief Financial Officer of Regal One Corporation. ("Company"), certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Regal One Corporation
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;
4. The other directors and I are 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(f) and 15d-15(f) for the small business issuer and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to Regal One Corporation, including its consolidated subsidiaries, is made known to us by other 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 my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles.
 - c. Evaluated the effectiveness of the small business issuer'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 on such evaluation; and
 - d. Disclosed in this report any change in Regal One Corporation's internal control over financial reporting that occurred during Regal One's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, Regal One's internal control over financial reporting; and
5. The other directors and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of our board of directors (or persons performing the equivalent functions)
 - 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 Company's ability to record, process, summarize and report financial data; 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.

Date: August 4, 2006

/s/ Malcolm Currie

Malcolm R. Currie, Acting Chief Financial Officer

Exhibit 32.1

**Certification required by Rule 13a-14(b) or
Rule 15d-14(b) and Section 906 of
the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Regal One Corporation (the "Company") on Form 10-QSB for the period ended June 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Malcolm Currie, Chairman, CEO, & Acting Secretary, & Treasurer of the Company, certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2006

/s/ Malcolm Currie

Malcolm Currie, Chairman, CEO, & Acting Secretary, & Treasurer

A signed original of this written statement required by Section 906 has been provided to Regal One Corporation and will be retained by Regal One Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

**Certification required by Rule 13a-14(b) or
Rule 15d-14(b) and Section 906 of
the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Regal One Corporation (the "Company") on Form 10-QSB for the period ended June 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Malcolm R. Currie, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2006

/s/ Malcolm R. Currie
Malcolm Currie, Acting Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Regal One Corporation and will be retained by Regal One Corporation and furnished to the Securities and Exchange Commission or its staff upon request.