

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the Quarterly Period Ended June 30, 2008

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 814-00710

REGAL ONE CORPORATION

(Name of small business issuer in its charter)

Florida

(State or other jurisdiction
of incorporation or organization)

95-4158065

(I.R.S. Employer Identification No.)

**11300 West Olympic Blvd, Suite 800, Los Angeles,
CA**

(Address of principal executive offices)

90064

(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 Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting Company x

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

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

As of August 18, 2008 there were: (i) 3,633,067 shares of common stock, \$.001 par value, issued and outstanding; and 100,000 shares of Series B convertible preferred stock outstanding. The outstanding Series B convertible preferred stock is convertible into an aggregate of 10,000,000 shares of common stock.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements	F-1
Item 2. Management's Discussion and Analysis of Financial Condition and Result of Operations	19
Item 3. Quantitative and Qualitative Disclosures About Market Risk	25
Item 4. Controls and Procedures	25

PART II - OTHER INFORMATION

Item 1. Legal Proceedings	26
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	33
Item 3. Defaults upon Senior Securities	33
Item 4. Submission of Matters to a Vote of Securities Holders	33
Item 5. Other Information	33
Item 6. Exhibits and Reports on Form 8-K	34

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

The following financial statements listed in the table below have been prepared in accordance with the requirements of Regulation S-X .

CONTENTS

	Page
Balance Sheets	F-2
Schedule of Investments	F-3
Statements of Changes in Net Assets	F-4
Statements of Operations	F-5
Statements of Cash Flows	F-6

REGAL ONE CORPORATION

BALANCE SHEETS

	June 30, 2008	December 31, 2007
ASSETS	UNAUDITED	AUDITED
Current assets		
Cash	\$ 47,871	\$ 64,262
Marketable securities - saleable	892,231	3,611,008
Total current assets	940,102	3,675,270
Investments		
Investments in non-affiliated portfolio companies	954,731	3,673,508
Less: marketable securities portion	(892,231)	(3,611,008)
Total investments, net	62,500	62,500
	\$	
TOTAL ASSETS	1,002,602	\$ 3,737,770
	-	-
LIABILITIES & NET ASSETS		
Current liabilities		
Due to stockholders and officers	--	195,964
Accounts payable and accrued liabilities	2,549	466,112
Margin account loan	129	--
Note payable – officer/principal shareholder	153,371	650,794
Total current liabilities	156,049	1,312,870
Net Assets		
Preferred stock, no par value		
Series A - Authorized 50,000 shares; 0 issued and	--	--
outstanding in 2008		
Series B - Authorized 500,000 shares; 100,000		
issued and	500	500
outstanding in 2008		
Common stock, no par value:		
Authorized 50,000,000 shares; issued and		
outstanding 3,633,067	8,184,567	8,184,567
as of June 30, 2008 and 3,633,067 as of December		
31, 2007		
Additional paid in capital	192,126	192,126
Accumulated deficit	(7,530,640)	(5,952,293)
Total net assets	846,553	2,424,900
	\$	
TOTAL LIABILITIES & NET ASSETS	1,002,602	\$ 3,737,770
	\$	
Net asset value per outstanding common share	0.233	\$ 0.667

See accompanying notes to the financial statements

REGAL ONE CORPORATION

SCHEDULE OF INVESTMENTS

June 30, 2008

UNAUDITED

Equity Investments:

Company	Description of Business	Percent Ownership	Carrying Cost Investment		Fair Value	Affiliation
Neuralstem	Biomedical company	3%	\$ 36,184	(1)	\$ 942,231	No
American Stem Cell	Biomedical company	3%	<u>\$ --</u>	(2)	<u>\$ 12,500</u>	No
Total Investments			<u>\$ 36,184</u>		<u>\$ 954,731</u>	

(1) As of June 30, 2008, there were 843,000 Neuralstem shares held after the sale in this quarter and first quarter of 430,814 shares. These remaining shares have been valued at a discounted price from the 06/30/08 market price due to the current thinly traded market for Neuralstem shares and all of these shares held at 06/30/08 have been recorded as a current asset. Regal also has ten year Neuralstem warrants at an exercise price of \$5 per share which is significantly above the present fair market value of Neuralstem shares, therefore only a \$50,000 value has yet been assigned to these warrants, carried as an Investment along with the American Stem Cell holding. In 2007, all portfolio companies were also reported on a fair value basis.

(2) Refer to Note 7 Investments.

REGAL ONE CORPORATION
STATEMENTS OF CHANGE IN NET ASSETS

	For the Six Months Ended June 30, 2008 UNAUDITED	For the Six Months Ended June 30, 2007 UNAUDITED
OPERATIONS:		
Net investment income (loss) from operations	\$ 80,145	\$ (193,371)
Net realized gain on portfolio securities	1,064,768	(40,176)
Net change in unrealized appreciation		
(depreciation) of portfolio securities	(2,705,128)	(194,510)
Interest income	30	--
Interest (expense)	(18,162)	--
Net increase (decrease) in net assets resulting from operations	<u>(1,578,347)</u>	<u>(428,057)</u>
SHAREHOLDER ACTIVITY:		
Declared dividend	<u>--</u>	<u>96,616</u>
NET INCREASE (DECREASE) IN NET ASSETS	(1,578,347)	(331,441)
NET ASSETS:		
Beginning of period	<u>2,424,900</u>	<u>1,003,495</u>
End of period	846,553	672,054
Average net assets	1,635,727	837,775
Ratios to average net assets:		
Net expenses	99,428	203,371
Net investment gain (loss)	(1,578,347)	(428,057)
Per share ratio expenses	6.1%	24.3%
Per share ratio Net investment loss	(96.5%)	(51.1%)

See accompanying notes to the financial statements

REGAL ONE CORPORATION
STATEMENTS OF OPERATIONS

	Three Months ended June 30,		Six Months ended June 30	
	2008	2007	2008	2007
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
Investment income	\$ --	\$ --	\$ --	\$ --
Operating expenses				
Professional services	26,647	36,217	82,412	102,729
Litigation Settlement	--	45,000	--	45,000
Other selling, general and administrative expenses	10,879	32,677	17,016	55,642
Total operating expenses	<u>37,526</u>	<u>113,894</u>	<u>99,428</u>	<u>203,371</u>
Net operating loss	(37,526)	(113,894)	(99,428)	(203,371)
Other income – gain on payable settlements	23,250	10,000	180,373	10,000
Net income (loss) before provision for income taxes	(14,276)	(103,894)	80,945	(193,371)
Income tax expenses	--	800	(800)	--
Net investment income (loss)	<u>(14,276)</u>	<u>(103,094)</u>	<u>80,145</u>	<u>(193,371)</u>
Net realized gain on portfolio companies	245,768	--	1,064,768	(40,176)
Net change in unrealized (depreciation) appreciation in portfolio companies	(976,913)	(343,300)	(2,705,128)	(194,510)
Interest (expense)	(4,175)	--	(18,162)	--
Interest income	30	--	30	--
Net increase (decrease) in net assets resulting from operations	<u>\$ (749,566)</u>	<u>\$ (446,394)</u>	<u>\$ (1,578,347)</u>	<u>\$ (428,057)</u>
Weighted average number of common shares	3,633,067	3,633,067	3,633,067	3,633,067
Basic EPS	\$ (0.206)	\$ (0.0123)	\$ (0.434)	\$ (0.0118)
Weighted average number of fully diluted shares	13,633,067	13,633,067	13,633,067	13,633,067
Diluted EPS	\$ (0.055)	\$ (0.033)	\$ (0.116)	\$ (0.031)

F-5

See accompanying notes to the financial statements

REGAL ONE CORPORATION
STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30,	
	2008	2007
	UNAUDITED	UNAUDITED
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	\$ (1,578,347)	\$ (428,057)
Adjustments to reconcile net increase (decrease) in net assets		
resulting from operating activities:		
Unrealized decrease (increase) in investments in portfolio	2,705,128	256,511
companies		
Realized gain on sale of marketable securities	(1,064,768)	40,176
Gain on settlement of liabilities	(180,373)	(10,000)
Changes in operating assets and liabilities:		
Decrease in due to stockholders and officers	(113,500)	--
Increase (decrease) in accounts payable/accrued expenses	(357,344)	(10,204)
(Decrease) in Contingent Litigation Fees	--	(250,000)
Net cash used in operating activities	<u>(589,204)</u>	<u>(401,574)</u>
Cash flows from investing activities:	-	-
Proceeds from sale of marketable securities	1,085,481	--
Net cash provided by investing activities	<u>1,085,481</u>	<u>--</u>
Cash Flows from financing activities:	-	-
Increase in margin loan	129	--
Increase (decrease) in stockholder loan	(512,797)	413,509
Net cash provided by (used in) financing activities	<u>(512,668)</u>	<u>413,509</u>
Net change in cash	(16,391)	11,935
Cash at beginning of period	64,262	42
Cash at end of period	<u>\$ 47,871</u>	<u>\$ 11,977</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 87,203	--
Cash paid for income taxes	--	\$ 800
Non-Monetary Transactions:		
Dividend payable in 465,430 portfolio company shares	--	653,948
Total non-monetary transactions	<u>\$ 87,203</u>	<u>\$ 654,748</u>

See accompanying notes to the financial statements

REGAL ONE CORPORATION

STATEMENTS OF FINANCIAL HIGHLIGHTS

Per Unit Operating Performance:

	UNAUDITED Six Months Ended June 30, 2008	UNAUDITED Six Months Ended June 30, 2007
NET ASSET VALUE, BEGINNING OF PERIOD	\$ <u>0.667</u>	\$ <u>0.276</u>
INCOME FROM INVESTMENT OPERATIONS:		
Net investment gain (loss)	0.017	(0.053)
Net change in unrealized (depreciation) appreciation of portfolio companies	(0.751)	(0.054)
Net realized gain on portfolio securities	<u>0.300</u>	<u>(0.011)</u>
Total from investment operations	(0.434)	(0.118)
SHAREHOLDER ACTIVITY		
Declared dividend	<u> </u>	<u>.027</u>
NET ASSET VALUE, END OF PERIOD	\$ <u>0.233</u>	\$ <u>0.185</u>
 TOTAL NET ASSET VALUE RETURN	 <u>(34.2)%</u>	 <u>105.8%</u>
RATIOS AND SUPPLEMENTAL DATA:		
Net assets, end of period	\$ <u>846,553</u>	\$ <u>672,054</u>
Ratios to average net assets:		
Net expenses	6.0%	24.3%
Net investment gain (loss)	(96.5)%	(51.1)%
Portfolio turnover rate	0.58	===

See accompanying notes to the financial statements

REGAL ONE CORPORATION
NOTES TO FINANCIAL STATEMENT
(UNAUDITED)

-

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

-

Business

Regal One Corporation (the "Company" or "Regal One") 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 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 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 sought a rescission of the O2 Technology acquisition. The Company's management elected to fully reserve the \$1,168,016 investment and seek redress through the courts. In May 2007, the Eco Litigation was settled by the parties (see Note 10: "Contingencies"). Accordingly, Regal One has recovered and retired the 1,000,000 shares of Regal One common stock that was provided in exchange for all O2 Technology stock. Consequently, the accompanying financial statements are not consolidated.

In 2006, the Company began reporting as a BDC and the attached financial statements for the quarter ended June 30, 2008 have been formatted in conformity with the December 31, 2007 and 2006 financial statements, including the BDC supplemental schedules, for comparative purposes. Although the nature of the Company's operations and its reported financial position, results of operations, and its cash flows are dissimilar for the periods prior to and subsequent to its becoming an investment company, its financial position for the quarter ended June 30, 2008 and the year ended December 31, 2007 and its operating results, cash flows and changes in net assets for each of the quarter ended June 30, 2008 and the year ended December 31, 2007 are presented in the accompanying financial statements pursuant to Article 6 of Regulation S-X. In addition, the accompanying footnotes, although different in nature as to the required disclosures and information reported therein, is also presented as they relate to each of the above referenced periods.

Accounting Policies

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Increase (Decrease) in Net Assets from Operations per Share

Basic net increase (decrease) in net assets from operations per share is computed by dividing the net earnings (loss) 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 (decrease) in net assets from operations per share amounts reflect the maximum dilution that would have resulted from the assumed exercise of stock options and from the assumed conversion of the Series B Convertible Preferred Stock. Diluted net increase (decrease) in net assets from operations per share is computed by dividing the net earnings (loss) 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.

REGAL ONE CORPORATION
NOTES TO FINANCIAL STATEMENT
(UNAUDITED)

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – (continued)

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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all marketable securities to be cash equivalents (see Note 2: “Cash and Marketable Securities”). None of the Company's cash is restricted.

Valuation of Investments (as an Investment Company)

As an investment company under the Investment Company Act of 1940, all of the Company's investments must be carried at market value or fair value. The value is determined by management for investments which do not have readily determinable market values. In September 2006, the FASB issued SFAS No. 157 “Fair Value Measurements”. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure about fair values. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Management has adopted SFAS No. 157 and expects it will not have a material effect on the consolidated financial results of the Company in future years.

Comprehensive Income

SFAS No. 130, Reporting Comprehensive Income, establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains, and losses) in a full set of general purpose financial statements. It requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. SFAS No. 130 requires that an enterprise (a) classify items of other comprehensive income by their nature in financial statements and (b) display the accumulated balance of other comprehensive income separately in the equity section of the balance sheet for all periods presented.

The Company's comprehensive income (loss) does not differ from its reported net income (loss). As an investment company, the Company must report changes in the fair value of its investments outside of its operating income on its statement of operations and reflect the accumulated appreciation or depreciation in the fair value of its investments as a separate component of its stockholders' deficit. This treatment is similar to the treatment required by SFAS No. 130.

Accounting Changes and Error Corrections

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections, a replacement of APB No. 20 and FASB Statement No. 3" ("SFAS No. 154"). SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principles unless it is impracticable. APB Opinion No. 20 "Accounting Changes" previously required that most voluntary changes in accounting principles be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. This Statement was effective for the Company as of January 1, 2006.

Stock Based Incentive Program

SFAS No. 123R, Share Based Payment, a revision to SFAS No. 123, Accounting for Stock Based Compensation and superseding APB Opinion No. 25, Accounting for Stock Issued to Employees, establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services, including obtaining employee services in share based payment transactions. SFAS No. 123R applies to all awards granted after the required effective date and to awards modified, purchased, or canceled after that date. The Company adopted SFAS No. 123R effective January 1, 2006.

F-9

REGAL ONE CORPORATION
NOTES TO FINANCIAL STATEMENT
(UNAUDITED)

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – (continued)

Exchange of Non-monetary Assets

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Non-monetary Assets, an amendment of APB Opinion No. 29" ("SFAS No. 153"). SFAS No. 153 is based on the principle that exchanges of non-monetary assets should be measured based on the fair value of the assets exchanged. APB Opinion No. 29, "Accounting for Non-monetary Transactions", provided an exception to its basic measurement principle (fair value) for exchanges of similar productive assets. Under APB Opinion No. 29, an exchange of a productive asset for a similar productive asset was based on the recorded amount of the asset relinquished. SFAS No. 153 eliminates this exception and replaces it with an exception of exchanges of non-monetary assets that do not have commercial substance. SFAS No. 153 became effective for the Company as of July 1, 2005. The Company will apply the requirements of SFAS No. 153 to any future non-monetary exchange transactions.

Certain Hybrid Financial Instruments

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments – an amendment of FASB Statements No. 133 and 140", to simplify and make more consistent the accounting for certain financial instruments. SFAS No. 155 amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" to permit fair value re-measurement for any hybrid financial instrument with an embedded derivative that otherwise would require bifurcation, provided that the whole instrument is accounted for on a fair value basis. SFAS No. 155 amends SFAS No. 140, "Accounting for the Impairment or Disposal of Long-Lived Assets" to allow a qualifying special-purpose entity to hold a derivative financial instrument that pertains to beneficial interest other than another derivative financial instrument.

NOTE 2 – CASH AND MARKETABLE SECURITIES

SFAS No. 155 applies to all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006, with earlier application allowed. Regal adopted this standard effective January 1, 2007 without any effect and this standard is not expected to have a significant effect on the Company's future reported financial position or results of operations.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances and may include instruments with maturities of three months or less at the time of purchase.

Marketable Securities

In 2005 Regal acquired approximately 1,800,000 shares of Neuralstem's common stock and a warrant to purchase an additional 1,000,000 shares of common stock in exchange for a variety of considerations supporting Neuralstem's transition to a publicly traded operational entity, principally including fees and assistance in connection with the filing of a registration statement on Form SB-2 registration (see Note 7: "Investments"). During 2006, Neuralstem filed the registration statement and it was declared effective on August 30, 2006. In late December 2006, the shares began trading on the OTC: BB under the ticker symbol NRLS.OB. On February 5, 2007, the Company distributed 500,473 Neuralstem shares to its shareholder of which 35,038 of these shares were returned to the Company's ownership in connection with the settlement of the Eco Litigation. On August 27, 2007, Neuralstem shares began trading on the American Stock Exchange under the symbol CUR. As of June 30, 2008, Regal held 843,000 Neuralstem shares valued at a discounted price from the June 30, 2008 market price due to the current thinly traded market for Neuralstem shares. Of the total shares held at June 30, 2008, all have been recorded as a current asset. These shares constitute working capital available to Regal as of June 30, 2008. Regal also has ten year warrants, which contains certain anti-dilution provisions, at an exercise price of \$5 per share which is significantly above the present fair market value of Neuralstem shares, therefore only a \$50,000 value has yet been assigned to these warrants, which are carried as a long term investment. On December 31, 2006, Regal had recorded a dividend payable balance in the Current Liabilities section of its Balance Sheet. This distribution initially consisted of 500,473 Neuralstem shares. The distribution was made in the first quarter of 2007 and resulted in an adjustment to the Current Liabilities balance.

REGAL ONE CORPORATION
NOTES TO FINANCIAL STATEMENT

(UNAUDITED)

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

There are several new accounting pronouncements issued by the Financial Accounting Standards Board ("FASB") which are not yet effective. Each of these pronouncements, as applicable, has been or will be adopted by the Company.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting for uncertainty in tax positions. This Interpretation requires that we recognize in our financial statements the benefit of a tax position if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 became effective as of the beginning of our 2008 fiscal year, with no cumulative effect of the change in accounting principle needing to be recorded as an adjustment to opening retained earnings. We are currently evaluating the impact that FIN 48 will have on our financial statements.

In September 2006, the FASB issued Statement No. 158, "Employer's accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)" (FAS 158).

FAS 158 requires that employers recognize the funded status of their defined benefit pension and other postretirement plans on the balance sheet and recognize as a component of other comprehensive income, net of tax, the plan-related gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost. We prospectively adopted FAS 158 on April 30, 2007. However, the actual impact of adopting FAS 158 is highly dependent on a number of factors, including the discount rates in effect at the next measurement date, and the actual rate of return on pension assets during fiscal 2007. These factors could significantly increase or decrease the expected impact of adopting FAS 158.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year.

Financial Statements" (SAB 108), which addresses how to quantify the effect of financial statement errors. The provisions of SAB 108 became effective as of the end of our 2007 fiscal year. We do not expect the adoption of SAB 108 to have a significant impact on our financial statements.

In February 2007, the FASB issued Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115" (FAS 159). FAS 159 permits companies to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The provisions of FAS 159 become effective as of the beginning of our 2009 fiscal year. We are currently evaluating the impact that FAS 159 will have on our financial statements.

In December 2007, the FASB issued SFAS 160, Non-controlling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 which applies to all entities that prepare consolidated financial statements, except not-for-profit organizations, but will affect only those entities that have an outstanding non-controlling interest in one or more subsidiaries or that deconsolidate a subsidiary. The statement is effective for annual periods beginning after December 15, 2008.

NOTE 4 – 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. Since that date, there have been no other equity sales in the six months ended June 30, 2008 and years ended December 31, 2007 and December 31, 2006. In May 2007, the Eco Litigation was settled by the parties (see Note 10: “Contingencies - - Eco Litigation”). Accordingly, Regal has recovered and retired the 1,000,000 shares of Regal One common stock that was provided in exchange for all O2 Technology stock. As a result, the Company’s outstanding common share balance as of the quarter ended June 30, 2008 and at December 31, 2007 are 3,633,067.

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 that 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 as of the quarter ended June 30, 2008 and December 31, 2007, and option lives ranged from 3 years to 10 years. During the quarter ended September 30, 2006, no additional options were granted but 50,000 options vested in conjunction with the effective date of the Neuralstem SB-2 registration, a contractual milestone, and an additional option expense of \$16,861 was realized.

REGAL ONE CORPORATION
NOTES TO FINANCIAL STATEMENT
(UNAUDITED)

NOTE 4 – EQUITY TRANSACTIONS- (continued)

In the quarter ended December 31, 2006, 50,000 options vested in conjunction with a contractual milestone and an additional option expense of \$12,539 was realized. No additional options were granted or vested and no options were exercised during the six months ended June 30, 2008 or in 2007 and 2006.

In connection with the secured loan received during the quarter ended September 30, 2006 and paid in the quarter ended December 31, 2006, warrants to purchase 75,000 shares of the Company's stock were issued to the lender as a commitment fee. These warrants have been valued under the Black-Scholes Pricing Model and \$26,171 was recognized in the year as prepaid expense that was fully amortized into expense on the payment date. The warrants are exercisable for a period of five years at the price of \$0.60 per share, which was higher than the public share price on the date of the grant and as of the quarter ended March 31, 2008 and the year ended December 31, 2007. None of these warrants were exercised in the six months ended June 30, 2008 or in the year ended December 31, 2007.

The stock options and warrants issued during 2006 were valued under the Black-Scholes Option-Pricing Model using the following assumptions within the ranges defined: market price of Regal stock at grant date; exercise price; one and three year terms; volatility ranging from 188% to 350%; no dividends assumed; and a discount rate - bond equivalent yield of 4.27%. As of December 31, 2006, 885,000 options, with 635,000 vested, and 75,000 vested warrants were outstanding. The possibility that the options may be exercised in the future represents potential dilution to existing shareholders. If all the outstanding options and warrants had been exercised as of December 31, 2006, the impact on the fully diluted Earnings per Share as reflected in the Statement of Operations for 2006 would be a reduction from \$0.117 earnings per share to \$0.110 earnings per share. If all the outstanding options and warrants had been exercised as of December 31, 2007, the impact on the fully diluted Earnings per Share as reflected in the Statement of Operations for 2007 would be a reduction from \$0.095 earnings per share to \$0.091 earnings per share. As of the six months ended June 30, 2008, there would be no dilution impact since a net loss was realized.

In conjunction with the Neuralstem registration, the contingency delaying the Company's previously declared dividend in Neuralstem shares was removed and Regal paid that dividend, amounting to 500,473 Neuralstem shares including rounding, on February 5, 2007. Of this amount, 35,038 shares were returned to Regal One as part of the O2 settlement. Since the record date for this dividend occurred earlier in 2006, Regal One had recorded a payable for this dividend in the quarter ended December 31, 2006 using the per share valuation reflected in the portfolio balance at that date and also recorded that valuation as a reduction in the equity section. As of the payment date, that valuation was adjusted to the then existing fair market value of the Neuralstem shares and the Neuralstem valuation in the Company's portfolio balance was then reduced by that final dividend amount.

The authorized number of shares of preferred stock (Series A and B) is 550,000. The Company's Certificate of Incorporation allows for segregating this preferred stock into separate series. As of the quarter ended June 30, 2008 and at December 31, 2007, the Company had authorized 50,000 shares of Series A preferred stock and 500,000 shares of Series B convertible preferred stock and there were no outstanding shares of Series A preferred stock and 100,000 shares of Series B preferred stock were outstanding.

Holders of Series A 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 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 preferred stock, each share is convertible into common stock at a rate of 100 shares of common for each share of preferred. In connection with the acquisition of O2, Series B preferred as a class was restricted to a cumulative conversion into no more than 10,000,000 common shares. This reduction was sought by the Company and was agreed to by 98.5% of the Series B class, effecting a compression of the outstanding Series B preferred from 208,965 shares to the now outstanding 100,000 shares. As of the six months ended June 30, 2008 and the year ended December 31, 2007, no dividends have been declared on the Series A or Series B convertible preferred stock.

REGAL ONE CORPORATION
NOTES TO FINANCIAL STATEMENT
(UNAUDITED)

NOTE 4 – EQUITY TRANSACTIONS- (continued)

As set forth in various previous financial reports and SEC filings, the Company was seeking a rescission of the O2 Technology acquisition. In May 2007, this litigation was settled by the parties (see Note 10: “Contingencies - Eco Litigation”). Accordingly, Regal has recovered and retired the 1,000,000 shares of Regal One common stock that was provided in exchange for all O2 Technology stock.

The Company originally recorded the second quarter 2007 return of those Regal One shares in the equity section of the balance sheet at the original recorded value of \$649,526. The Company has subsequently determined that the return of its own shares should be recorded at a zero value and this revision was reflected in the December 31, 2007 financials.

NOTE 5 – IMPAIRMENT OF ASSETS

As set forth in various previous financial reports and SEC filings, the Company was seeking a rescission of the O2 Technology acquisition. The immediate effect of these matters was to impair the assets acquired in the O2 acquisition. Accordingly, the Company had written-off in 2004 all of the assets acquired from O2 and the advances made to O2 (see Note 1 - “Basis of Presentation”). In May 2007, this litigation was settled by the parties (see Note 10: “Contingencies - Eco Litigation”).

NOTE 6 – STOCK OPTION PLAN

The Company's Stock Option Plan (Plan) provides a means to offer incentives to its employees, directors, officers, consultants and advisors. On May 3, 1995, the Company filed a registration statement on Form S-8 adopting a 3,000,000 common share Plan. Under the plan, the Board of Directors was authorized to grant options to individuals who have contributed, or will contribute to the well being of the Company. In 2004 and earlier years, the Plan was extended by the Company's shareholders. On March 4, 2005, the Company's shareholders approved another extension of time in which to exercise outstanding options to purchase shares of the Company's common stock at the \$0.8125 exercise price. That extension ran from March 31, 2005 to September 30, 2005. (See the Company's 14C filing dated March 23, 2005.) By the extended September 30, 2005 option expiration date, the then remaining outstanding options were not further extended and as a result 1,147,140 unexercised options became null and void. During the year ended December 31, 2005, 252,308 options respectively were exercised and the Company realized \$205,000 in working capital. As of September 30, 2005, holders had exercised options to purchase 1,852,860 shares of common stock. As of December 31, 2006 and December 31, 2007, all outstanding options granted under our stock option plan had either been exercised or expired. As of December 31, 2007 and June 30, 2008, there were no changes and there were 980,986 shares available for future grants.

NOTE 7 – INVESTMENTS

On March 7, 2005, Regal's Board of Directors determined it was in our shareholders best interest to change the focus of the company's business to 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 10Q-SB.

In 2005, Regal One signed an option agreement to acquire a significant equity stake in SuperOxide Health Sciences, Inc. (SOHS), a privately owned development stage company. 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. In the quarter ended September 30, 2006, the Company wrote off the remainder of the investment since SOHS advised that it had no resources to continue operating and was being dissolved.

F-13

REGAL ONE CORPORATION

NOTES TO FINANCIAL STATEMENT

(UNAUDITED)

NOTE 7 – INVESTMENTS - (continued)

As of June 30, 2005, the Company entered into an agreement with American Stem Cell (ASC), a private development stage company, to assist ASC in the preparation and filing of an SB 2 registration statement.

Regal One acquired 3,000,000 shares of ASC's common stock in exchange for the Company's investment via a variety of considerations that would support ASC's transition from a private development-stage company to a publicly traded operational entity. These considerations included the Company's assumption of the liability for certain legal fees, principally including fees for an SB-2 registration, and access to the Company's network of advisors and other related resources. Regal One valued these shares in its balance sheet at the \$34,087 of accrued legal fees that it had assumed. However, in 2006 the SB 2 registration was withdrawn and ASC undertook a restructuring of its various securities holders. In the quarter ended December 31, 2006, the Company wrote off its \$34,087 investment in ASC. In December 2007, the Company sold 2,000,000 of the 3,000,000 common shares it holds back to American Stem Cell for \$25,000. Accordingly, the remaining 1,000,000 shares have been valued at \$12,500, the \$0.0125 per share value implied in that transaction, as a long term investment in the quarter ended June 30, 2008 and at December 31, 2007.

As of June 30, 2005, the Company had entered into a Letter of Intent with Neuralstem, Inc., a private early stage company, to assist it in filing an SB-2 registration statement. Effective September 15, 2005, those understandings were memorialized and further defined in an "Equity Investment and Share Purchase Agreement" between the parties. Regal One acquired approximately 1,800,000 shares of Neuralstem's common stock and a warrant, containing certain anti-dilution provisions (value not yet determined) to purchase an additional 1,000,000 shares of common stock in exchange

for a variety of considerations supporting Neuralstem's transition from a private, early stage, research and development company to a publicly traded operational entity. These considerations included the Company's assumption of the liability for certain legal fees, principally including fees for an SB-2 registration, and access to the Company's network of advisors and other related resources. Regal One initially reflected these shares in its balance sheet as of December 31, 2005 based on its estimated \$50,000 direct cost of the considerations it had provided or planned to provide to Neuralstem. During 2006, Neuralstem filed an SB-2 registration statement and in August 2006 it was declared effective. As of December 31, 2006, Neuralstem shares were trading on the OTC: BB exchange. Prior to effectiveness of the registration, 1,000,000 of Neuralstem shares held by Regal were subject to forfeiture based on a contingency concerning the initial submission date and effective date of Neuralstem's SB-2 registration; 51,000 of these shares were forfeited in the third quarter of 2006 and the balance are no longer subject to forfeit. As of December 31, 2006, the 1,794,287 Neuralstem shares then held after the forfeit were valued as indicated in the financial statements Balance Sheet of 2006. Of those shares, 800,000 shares were registered by Neuralstem, were readily salable and were reclassified as Marketable Securities in the Current Assets section of the Balance Sheet. Initially, 500,473 of those Neuralstem shares were reserved for distribution to the Company's shareholders as a dividend, which distribution was made on February 5, 2007.

Of that amount, 35,038 shares were withheld from distribution pending the outcome of the Eco Litigation. On May 7, 2007, the Company reached a settlement in the Eco Litigation resulting in the release of the 35,038 Neuralstem shares to the Company.

As of the quarter ended June 30, 2008, the 843,000 Neuralstem shares held were classified as Marketable Securities in the Current Assets section of the Balance Sheet. As of December 31, 2007, the 1,273,814 balance of the Neuralstem shares are classified as Marketable Securities in the Current Assets section of the Balance Sheet. Regal One also has ten year warrants at an exercise price of \$5 per share which is significantly above the present fair market value of Neuralstem shares, therefore only a nominal \$50,000 value has been assigned to these warrants which are carried as a long term investment in the Balance Sheet. As of December 31, 2007, all Neuralstem shares held by the Company were reclassified from Investments in Non-Affiliated Portfolio Companies to Marketable Securities in the Current Assets section of the Balance Sheet. This reclassification was made because all shares then held were either included in Neuralstem's original registration statement and therefore were free-trading or were unregistered but then had been held long enough to become free-trading under the provisions of Rule 144.

The Board of Directors is responsible for determining in good faith the fair value of the securities and assets held by the Company.

In 2005, all portfolio companies were reported on a cost basis. For 2006, 2007 and the six months ended June 30, 2008, the Investment Committee of the Board of Directors early adopted the provisions of FAS 157 for valuation of the portfolio and 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.

REGAL ONE CORPORATION
NOTES TO FINANCIAL STATEMENT
(UNAUDITED)

NOTE 8 – INCOME TAXES

At December 31, 2007 and 2006, the Company had a federal operating loss carry forward of \$3,718,820 and \$3,409,683, respectively. The valuation allowance for deferred tax assets as of December 31, 2007 and 2006 was \$1,264,399 and \$1,159,292, respectively. In assessing the recovery of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the periods in which those temporary differences become deductible. Management considers the scheduled reversals of future deferred tax assets, projected future taxable income, and tax planning strategies in making this assessment. As a result, management determined it was more likely than not the deferred tax assets would be realized as of December 31, 2007 and 2006. For the six months ended June 30, 2008 the Company realized a net loss from operations of \$1,578,347.

NOTE 9 – RELATED PARTY TRANSACTIONS

Indebtedness to a stockholder/officer was converted into a secured Note Payable in the fourth quarter of 2006. In 2007, that stockholder/officer continued to make cash advances to and on behalf of the Company and Regal entered into modifications of the Note Payable to that party. The modifications were entered into for purposes of increasing the Note Payable amount as a result of additional advances made by the stockholder/officer to Regal through September 30, 2007.

There were no new advances made by the stockholder /officer after May 31, 2007, but a correction was recorded in the quarter ended September 30, 2007. It is not presently contemplated that the stockholder/officer will make additional periodic advances to the Company. Advances under the Note have been made to pay the Company's litigation expenses and settlement, and for working capital. As a result of the increases in the outstanding loan balance, the number of Neuralstem shares subject to the security agreement was increased to 600,000 shares on June 25, 2007. The \$650,794 loan balance and related accrued interest at 10% per annum of approximately \$87,000 were not paid when they became due and payable on December 8, 2007 and they are now payable upon demand of the stockholder/officer. In February 2008, the stockholder/officer and the Company agreed to certain terms regarding this matter and in March 2008 a payment of \$600,000 towards principal and interest was made, leaving a combined balance of principal and interest of \$150,850 as of March 31, 2008. During the quarter ended June 30, 2008 additional interest of \$2,521 was accrued on the note. This note was fully settled in July 2008 for \$153,371.

The combined amounts due to stockholders and officers and note payable to officer, as of June 30, 2008, are \$153,371 and at December 31, 2007 were \$993,961. Both amounts include the above secured Note Payable and the related accrued interest. In the fourth quarter of 2007, annual compensation totaling \$85,000 was accrued for two independent directors and for consulting services of a stockholder, and during the quarter ended March 31, 2008 this amount increased by \$15,000. In March 2008, a payment of \$100,000 for total accrued compensation was paid to the Company's President who resigned effective March 31, 2008. The total due to stockholders and officers that represent advances and compensation which are non-interest bearing, unsecured and payable on demand was \$0 at June 30, 2008. Relative to the settlement and payment of other payables and claims, the Board has resolved that the officers of

Regal shall negotiate and settle the Company's outstanding debts in exchange for mutual releases, for debts in excess of \$5,000, of all past and present monies owed to any such creditors.

Through March 31, 2008, such settlements were reached with four service providers and three stockholders whereby payments totaling \$266,000 were concurrently paid in full settlement of all amounts owed, along with release of other claims and obligations between the parties. The Company realized a gain on these settlements in the amount of \$117,123 in the quarter ended March 31, 2008, of which \$6,214 was realized from the shareholder settlements. Additionally, as of March 31, 2008, Regal wrote off an old contingent debt of \$40,000 carried in the due to officers and directors account and payable solely at the discretion of the Board of Directors, and Regal recognized a \$40,000 gain on this write off.

During the quarter ended June 30, 2008 a settlement was reached with a shareholder due \$6,750 resulting in a \$3,250 gain recorded. Additionally a \$60,000 reduction in Accrued expense Liability for Director fees was achieved by cash settlement payments totaling \$40,000, resulting in a gain on settlement expense of \$20,000. Funds used to make all of the payments described above were derived from the sale of some of the marketable securities held by the Company at December 31, 2007.

F-15

REGAL ONE CORPORATION
NOTES TO FINANCIAL STATEMENT
(UNAUDITED)

NOTE 9 – RELATED PARTY TRANSACTIONS - - (continued)

Through December 31, 2004 the Company loaned \$518,490 to its wholly-owned subsidiary which was acquired in the 1st quarter of 2004. The loans were subject to interest of 6% per year, were due and payable on December 31, 2004 and were secured by a pledge of all the shares of the wholly-owned subsidiary. During litigation between the parties, the repayment did not occur and the Company established an allowance for the potential un-collectability of this amount. During the second half of 2006, management elected to establish a reserve for costs that may arise in settling the suit. Accordingly, a contingent liability and expense of \$250,000 was recorded in 2006. The pending litigation was settled by the parties in the second quarter ended June 30, 2007 and in accordance with the settlement these loans will not be recovered and have been removed from Regal's books and records. (See Note 10: "Contingencies - - Eco Litigation" below). Accordingly, Regal has recovered and retired the 1,000,000 shares of Regal common stock that was provided in exchange for all O2 Technology stock. The Company originally recorded the second quarter 2007 return of those Regal shares in the equity section of the balance sheet at the original recorded value of \$649,526. The Company has subsequently determined that the return of its own shares should be recorded at a zero value and this revision is reflected in the December 31, 2007 financials.

NOTE 10 – CONTINGENCIES

During 2005, Regal signed an option agreement to acquire a significant equity stake in SuperOxide Health Sciences, Inc. (SOHS), a privately owned development stage company. As of December 31, 2005, Regal One had made a total investment of \$145,000 in SOHS and in 2006 wrote-off that investment. Principals of SOHS are also principal shareholders of Regal One.

Eco Litigation

The Company and certain of its officers and consultants were named as defendants in a case filed on November 4, 2003, under the name "*Eco Air Technologies vs. Regal One Corporation, et. al*" (California Superior Court, County of Orange, Case No. 03CC13317). On April 7, 2005, the Company and certain of its officers, stockholders and consultants were named as cross-defendants in a cross-complaint filed by two of the former directors of O2. The Company had been advised that such a filing added significantly to the fee exposure of the Company.

During October 2005, the Company negotiated and executed a settlement agreement with Eco Air Technologies and Alf Mauriston whereby the Company relinquished any claims it may have to the technology in question, and obtained certain marketing rights to the technology in several foreign countries and in certain domestic market niches.

On May 10, 2007, the Company filed an 8-K to report that it and its officers and associated representatives and consultants had entered into a confidential, final and complete settlement on May 7 with O2 Technology, Inc., Ronald Hofer, Richard Allen Smith and Amber Le Bleu-Hofer, resolving their differences which were detailed in the Orange County Superior court case, Eco Air vs. Regal One et. al., and the various cross-complaints in that litigation. The parties determined that their business transaction failed to close through a mutual mistake of fact without fault by any party and, consequently, they never had any rights in each other. All parties are returned to their status as if the contemplated transaction never occurred and no party admits or accepts any liability for events transpiring in the interim as between and among the various persons and corporations involved. The parties acknowledge that they have no interest or claim to each other's securities and that there are no debts or obligations between them. Accordingly, Regal has recovered and retired the 1,000,000 shares of Regal common stock that was provided in exchange for all O2 Technology stock. The Company originally recorded the second quarter 2007 return of those Regal shares in the equity section of the balance sheet at the original recorded value of \$649,526. The Company has subsequently determined that the return of its own shares should be recorded at a zero value and this revision is reflected in the December 31, 2007 financials.

Operations

On March 7, 2005, Regal's 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 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 10Q-SB.

F-16

REGAL ONE CORPORATION
NOTES TO FINANCIAL STATEMENT
(UNAUDITED)

NOTE 10 – CONTINGENCIES – (continued)

In 2005, the Company initiated equity investments or agreements for investments with three biomedical companies. Under two of those agreements, the Company agreed to assume certain legal fees that are reflected in the financial statements for 2005 and discussed in Notes thereto. The obligations to assume any other such expenses were terminated in 2006.

Additionally, the third agreement allows Regal to make additional cash investments in the related entity, which Regal has not done and does not expect to do.

On April 1, 2007, the Company and Equity Communications entered into a settlement agreement regarding the value of services provided by Equity Communications to the Company. The result of this settlement was that the Company provided 20,000 Neuralstem shares to Equity Communications in full settlement of the \$72,000 that Equity had billed to the Company. The Company recognized a \$10,000 gain on this settlement.

Since the Company has historically incurred substantial debts in connection with its operations, the Company has entered into negotiations and settlements of most of its outstanding debts (see Note 12: "Subsequent Events"). In this regard, contingent liability for \$25,000 was included in the December 31, 2007 financial statements as an expense and payable relative to such matters. This amount was disbursed in full settlement in the quarter ended March 31, 2008.

NOTE 11 – DISCLOSURES WITH REGARD TO CERTAIN OFFICERS AND DIRECTORS

Effective June 16, 2008, the Board of Directors of the Company agreed to accept the resignation of Malcolm Currie from his position as the Company's Chief Executive officer, Chief Financial Officer and Chairman of the Board of Directors. Mr. Currie will, however, remain a director of the Company. The Board also appointed Charles J. Newman to a vacant seat on the Board of Directors and appointed Mr. Newman as the Company's new Chief Executive Officer, Chief Financial Officer, and Chairman of the Board of Directors.

Effective March 31, 2008, Richard Hull resigned as the Company's President.

As of February 5, 2008, the Company's Board of Directors ratified a Unanimous Written Consent concerning the negotiation and settlement of its outstanding debts and the recognition and settlement of certain other compensation, services and reimbursable expense matters, as follows:

The \$650,794 loan balance and related accrued interest of approximately \$87,000 due to an officer/shareholder as of December 31, 2007 were not paid when they became due and payable on December 8, 2007. In the quarter ended March 31, 2008, the Company made a payment of \$600,000 toward that principal and interest and an additional \$2,521 in interest was accrued in the second quarter ended June 30, 2008 in leaving a combined balance of \$155,371 still due as of June 30, 2008.

That officer/shareholder and Regal's Board have agreed that:

- 1) The Note is now due and payable on demand,
- 2) interest will continue to accrue at the 10% per annum rate after December 8, 2007,
- 3) the officer/shareholder has requested that Regal pay the principal and interest of the Note at the Company's earliest convenience,
- 4) the Board has determined that the amounts of principal and interest are true, accurate and owing, and
- 5) the Board has Resolved that the principal and interest be paid upon Regal obtaining sufficient capital from the sale of Regal's investment portfolio and/or from loans made to Regal that are collateralized by such portfolio.

6) Pursuant to point immediately above, on March 7, 2008, Regal made a partial payment to this officer/shareholder in the amount of \$600,000. In connection with that payment and for working capital needs, Regal borrowed \$250,000 from its stock broker, collateralized by marketable securities held in the Company's account at that broker. The June 30, 2008 balance owing on that account was \$153,371. See Note 12 – Subsequent Events, for the resolution of this debt.

Relative to the compensation of Regal's two independent directors for services rendered in 2007, the Board has resolved that they each shall be paid 10,000 shares of Neuralstem stock, the total of which has been valued at \$60,000 and has been included in the December 31, 2007 financial statements as an expense and payable. These debts were settled in May by cash payments of \$20,000 for each Director. The difference of \$20,000 was booked as a settlement gain during the quarter ended June 30, 2008.

F-17

REGAL ONE CORPORATION

NOTES TO FINANCIAL STATEMENT

(UNAUDITED)

NOTE 12 - SUBSEQUENT EVENTS

Relative to the ongoing settlement and payment of other payables and claims, as resolved by the Board directing the officers of Regal to negotiate and settle the Company's outstanding debts in exchange for mutual releases, for debts in excess of \$5,000. The Company settled the outstanding loan payable and accrued interest to a officer/shareholder in the amount due of \$153,371 by transferring 100,000 shares of Neuralstem common stock in Regal's portfolio to the account of the officer on July 31, 2008.

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 use 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.

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. 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 it was in our shareholders 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 professions 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 June 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 that 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 then 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.

20

Portfolio Investments

During the six months ended June 30, 2008, we did not add any companies to our portfolio. Our portfolio is as follows:

Name of Company	Investment	Value of Investments as of June 30, 2008
Neuralstem, Inc. (OTCBB: NRLS)	Common Stock and Warrants	\$942,231
American Stem Cell ("ASC")	Common Stock	\$12,500
SuperOxide Health Sciences, Inc. ("SOHS")	Common Stock	\$ --

Neuralstem, Inc.

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 June 30, 2008, we hold 843,000 shares of Neuralstem, Inc. common stock and warrants to purchase an additional 1,000,000 of common stock at a price of \$5.00 per share.

American Stem Cell

American Stem Cell (“ASC”) is a private development stage company with plans to acquire stem cell companies and technologies. In January of 2006, we were notified that ASC’s expected acquisition of its initial stem cell company had failed. We understand that ASC is still searching for a business to acquire, but has limited resources and no firm plans.

As of June 30, 2008, we hold 1,000,000 shares of ASC common stock. For purpose of portfolio valuation, our investment committee has valued the investment at \$12,500.

SuperOxide Health Sciences, Inc.

SuperOxide Health Sciences, Inc. (“SOHS”) is a privately owned development stage company looking to commercialize medical applications of airborne superoxide ions. In September 2006, we received notice from SOHS that due to lack of working capital, the board of directors had decided to dissolve the Company. To date we have yet to receive formal documentation or confirmation of such dissolution. As a result of the forgoing, we believe the value of our investment in SOHS is \$0.00. Accordingly, upon receipt of confirmation as to the dissolution, we will remove SOHS from our portfolio.

Employees

We have one part-time employee. We expect to use independent consultants, attorneys, and accountants as necessary and we 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.regall.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 auditors; the review and discussion with such independent auditors 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 Committee and Compensation Committee is comprised of one director. We anticipate that additional board members will be admitted and will augment the current audit committee. At present, we do not have a qualified financial expert because we have not been able to identify and retain a qualified candidate.

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. The Company's Investment Committee Charter is filed as an exhibit to this Form 10-K.

Compliance with the Sarbanes-Oxley Act of 2002

On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). The Sarbanes-Oxley Act imposes a wide variety of new regulatory requirements on publicly held companies and their insiders. Many of these requirements will affect us. For example:

- Our chief executive officer and chief financial officer must now certify the accuracy of the financial statements contained in our periodic reports;
- Our 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
- We may not make any loan to any director or executive officer and we may not materially modify any existing loans.

The Sarbanes-Oxley Act has 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 \$1,002,602 and its net assets were \$846,553 at June 30, 2008, compared to \$1,805,773 and \$672,054, respectively, for the comparable period in 2007. The Company's total assets were \$3,737,770 and its net assets were \$2,424,900 for the year ending December 31, 2007.

The changes in total assets during the six months ended June 30, 2008 were primarily attributable to a decrease in unrealized appreciation in marketable securities of \$2,705,128 offset by a realized gain of 1,064,768 and a gain of 80,145 on investment operations. 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 six months ended June 30, 2008 were attributable to the net operating gain from operations for the period of \$80,145, the changes in investment value arising from an \$1,064,768 realized gain on sale of investments and the \$2,705,128 unrealized loss on the portfolio valuation, interest expense of \$18,162 and \$30 interest income.

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 six month period ending June 30, 2008 vs 2007.

Investment Income

For the six months ended June 30, 2008 Investment Income consisted of a Net Realized Gain on the sale of portfolio securities of \$1,064,768 compared to a loss of \$(40,176) for the comparable period in 2007.

Operating Expenses

For the six months ended June 30, 2008, operating expenses were \$99,428 compared to \$203,371 for the comparable period of 2007. The decrease for the six month period ending June 30, 2008 compared to the comparable period of 2007 is primarily attributed to no Litigation Settlement expense (\$45,000) and decreased Professional Fees (\$20,317) and Administrative Expenses (\$38,627).

Net Investment Income/Loss

For the six months ending June 30, 2008, net investment income after taxes was \$80,145 compared to a loss of \$193,371 for the comparable period ended June 30, 2007. The increased gain of \$273,516 in the six month period ending June 30, 2008 as compared to the comparable period ended June 30, 2007 was attributable to the factors discussed above and a \$180,373 gain on settlements of various payables.

Liquidity and Capital Resources

At June 30, 2008, we had approximately \$940,102 in liquid and semi liquid assets consisting of: (i) \$47,871 in cash; and (ii) \$892,321 in saleable marketable securities.

For the six month period ended June 30, 2008, we primarily satisfied our working capital needs from: (i) cash on hand at the beginning of the period, (ii) the sale of marketable securities in the gross amount of \$1,085,096, (iii) loans from officers in the amount of \$135,628 and (iv) borrowing from our brokerage margin account loan. Working capital expenditures included: i) a decrease in a note payable and interest due to one of our officers in the amount of \$600,000, (ii) payment of accounts payable/accrued expenses of \$357,344 and (iii) net payments due to other stockholders of \$113,500. As of June 30, 2007 the Company had a Net Asset Value of \$1,596,120. The Company established a collateralized margin loan account with a broker/dealer that as of June 30, 2008 held 700,000 shares of Regal's Neuralstem stock. During the six months ended June 30, 2008, Regal received loans in the amount of \$450,000 under this margin account, and repaid \$450,000 of that amount, with neither amount reflecting small interest amounts.

As of June 30, 2008, the aggregate outstanding balance of principal and interest under the officer loan is \$153,371. Such loan is a demand loan and secured by a pledge of 600,000 shares of Neuralstem ("Collateral Shares") currently owned by the Company. In the event the note holder made a demand for repayment, the Company's working capital would be insufficient for such repayment. In such event, the Company would be required to either: (i) sell shares of Neuralstem which it currently owns; or (ii) default on the obligation whereby the note holder would have the right to receive the Collateral Shares in order to satisfy the outstanding balance. The Company's Board of Directors approved a resolution to settle this debt in exchange for 100,000 shares of Neuralstem stock however the stock transfer occurred after June 30, 2008.

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 current monthly cash operating expense is approximately \$16,500. Because our revenues, if generated, tend to be in the form of portfolio securities, such revenues are not of a type capable of being used 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. There is no assurance that the Company will be able to do so. 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.

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 which 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 effective as of the end of the period covered by this quarterly report.

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 six months ended June 30, 2008 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

None.

Item 1A. Risk Factors

The purchase of shares of capital stock of the Company involves many risks. A prospective investor should carefully consider the following factors before making a decision to purchase any such shares:

We Have Historically Lost Money and Losses May Continue in the Future:

We have historically lost money. Our net operating loss for the 2007 fiscal year was \$445,596 and future losses are likely to occur. Accordingly, we may experience significant liquidity and cash flow problems if we are not able to raise additional capital as needed and on acceptable terms. No assurances can be given we will be successful in reaching or maintaining profitable operations.

We recently undertook our current business model and as a result, historical results may not be relied upon with regard to our operating history:

In March 2005, we formally began implementing our current business model of providing services to biotech companies. As a result of how we receive payment for these services, we are technically considered an investment company under the 1940 Investment Company Act. As such, we have presented our financial results and accompanying notes in such fashion. Conversely, until 2005, our operating results were presented in the format and style of an industrial company. As a result, our financial performance and statements may not be comparable between the years prior and up to 2004 and the results for 2005 and after.

The Company's cash expenses are very large relative to its cash flow which requires the Company continually to sell new shares. This could result in substantial dilution to our shareholders or our ability to continue in operations should additional capital not be raised:

For year ended December 31, 2007 the Company had no revenues and operating expenses of \$445,596. Consequently, the Company was required either to sell new shares of Company common stock or issue promissory notes to raise the cash necessary to pay ongoing expenses. During the first six months of 2008 the Company sold or transferred 430,814 shares of inventory stock that along with a declining stock value reduced the investment inventory value by \$2,718,777. This practice is likely to continue for the foreseeable future and could lead to continuing dilution in the interest of existing Company stockholders. Moreover, there is no assurance that the Company will be able to find investors willing to purchase Company shares at a price and on terms acceptable to the Company, in which case, the Company could deplete its cash resources.

Regulations governing operations of a business development company will affect the Company's ability to raise, and the way in which the Company raises additional capital. This could result in the Company not being able to raise additional capital and accordingly cease operations:

Under the provisions of the 1940 Act, the Company is permitted, as a business development company, to issue senior securities only in amounts such that asset coverage, as defined in the 1940 Act, equals at least 200% after each issuance of senior securities. If the value of portfolio assets declines, the Company may be unable to satisfy this test. If that happens, the Company may be required to sell a portion of its investments and, depending on the nature of the Company's leverage, repay a portion of its indebtedness at a time when such sales may be disadvantageous and result in unfavorable prices. Applicable law requires that business development companies may invest 70% of its assets only in privately held U.S. companies, small, publicly traded U.S. companies, certain high-quality debt, and cash. The Company is not generally able to issue and sell common stock at a price below net asset value per share. The Company

may, however, sell common stock, or warrants, options or rights to acquire common stock, at prices below the current net asset value of the common stock if the Board of Directors determines that such sale is in the best interests of the Company and its stockholders approve such sale. In any such case, the price at which the Company's securities are to be issued and sold may not be less than a price which, in the determination of the Board of Directors, closely approximates the market value of such securities (less any distributing commission or discount).

The success of the Company will depend in part on its size, and in part on management's ability to make successful investments:

If the Company is unable to select profitable investments, the Company will not achieve its objectives. Moreover, if the size of the Company remains small, operating expenses will be higher as a percentage of invested capital than would otherwise be the case, which increases the risk of loss (and reduces the chance for gain) for investors.

27

The Company's investment activities are inherently risky :

The Company's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Company. Such factors include a wide range of economic, political, competitive and other conditions which may affect investments in general or specific industries or companies.

The Company's equity investments may lose all or part of their value, causing the Company to lose all or part of its investment in those companies :

The equity interests in which the Company invests may not appreciate in value and may decline in value. Accordingly, the Company may not be able to realize gains from its investments and any gains that are realized on the disposition of any equity interests may not be sufficient to offset any losses experienced. Moreover, the Company's primary objective is to invest in early stage companies, the products or services of which will frequently not have demonstrated market acceptance. Many portfolio companies lack depth of management and have limited financial resources. All of these factors make investments in the Company's portfolio companies particularly risky.

The Company's common stock has historically traded at a substantial premium to net asset value :

Historically, the Company's common stock has traded at a substantial premium to its net asset value. The following summarizes the Company's approximate net asset value per common share and corresponding stock price:

As of December 31,	2007	2006	2005
Net Asset Value	\$ 0.67	\$ 0.22	\$ (0.07)
Stock Price*	\$ 0.06	\$ 0.15	\$ 0.30

*Stock Price is as the last trading day in December of each corresponding year.

28

Although at present it appears that the Company is trading at a discount to Net Asset Value, there can be no assurance that this trend will continue. Moreover, as the Company utilizes and monetizes its assets for its continuing operating needs the Net Asset Value will decrease, potentially resulting in further decreases in the price of the Company's common stock.

Our common stock is traded on the "Over-the-Counter Bulletin Board," which may make it more difficult for investors to resell their shares due to suitability requirements:

Our common stock is currently traded on the Over the Counter Bulletin Board (OTCBB) where we expect it to remain in the foreseeable future. Broker-dealers often decline to trade in OTCBB stocks given the markets for such securities are often limited, the stocks are more volatile, and the risk to investors is greater. These factors may reduce the potential market for our common stock by reducing the number of potential investors. This may make it more difficult for investors in our common stock to sell shares to third parties or to otherwise dispose of their shares. This could cause our stock price to decline.

We could fail to retain or attract key personnel who are required in order for us to fully carry out our business plan:

The Company's operations and ability to implement its business plan are dependent upon the efforts of its key personnel, the loss of the services of which could have a material adverse effect on the Company. The Company will likely be required to hire additional personnel to implement its business plan. Qualified employees and consultants are in great demand and are likely to remain a limited resource for the foreseeable future. Competition for skilled creative and technical talent is intense. There can be no assurance that the Company will be successful in attracting and retaining such personnel. Any failure by the Company to retain the services of existing employees and consultants or to hire new employees when necessary could have a material adverse effect upon the Company's business, financial condition and results of operations. Our future success depends in significant part on the continued services of Dr. Malcolm Currie, our Chairman and Chief Executive Officer. We have no employment agreement with, or life insurance on, Dr. Currie.

The Company operates in a highly competitive market:

The Company faces competition from a number of sources, many of which have longer operating histories, and significantly greater financial, management, marketing and other resources than the Company. The Company's ability to generate new portfolio clients depends to a significant degree on its reputation among potential clients and partners, and its ability to reach acceptable investment terms with potential clients relative to competitive alternatives. In the event that the reputation of the Company is adversely impacted, or that potential portfolio clients perceive competitive alternatives to be superior, the business, financial condition and operating results of the Company could be adversely affected.

29

Our officers and directors have the ability to exercise significant influence over matters submitted for stockholder approval and their interests may differ from other stockholders:

Our executive officers and directors have the ability to appoint a majority to the Board of Directors. Accordingly, our directors and executive officers, whether acting alone or together, may have significant influence in determining the outcome of any corporate transaction or other matter submitted to our Board for approval, including issuing common and preferred stock, appointing officers, which could have a material impact on mergers, acquisitions, consolidations and the sale of all or substantially all of our assets, and the power to prevent or cause a change in control. The interests of these board members may differ from the interests of the other stockholders.

Our share ownership is concentrated:

The Company's officers, directors and principal stockholders, together with their affiliates, beneficially own approximately 70% of the Company's voting shares. As a result, these stockholders, if they act together, will exert significant influence over all matters requiring stockholder approval, including the election and removal of directors, any merger, consolidation or sale of all or substantially all of assets, as well as any charter amendment and other matters requiring stockholder approval. In addition, these stockholders may dictate the day to day management of the business. This concentration of ownership may delay or prevent a change in control and may have a negative impact on the market price of the Company's common stock by discouraging third party investors. In addition, the interests of these stockholders may not always coincide with the interests of the Company's other stockholders.

We may change our investment policies without further shareholder approval:

Although we are limited by the Investment Company Act of 1940 with respect to the percentage of our assets that must be invested in qualified investment companies, we are not limited with respect to the minimum standard that any investment company must meet, neither are we limited to the industries in which those investment companies must operate. We may make investments without shareholder approval and such investments may deviate significantly from our historic operations. Any change in our investment policy or selection of investments could adversely affect our stock price, liquidity, and the ability of our shareholders to sell their stock.

The Company's common stock may be subject to the penny stock rules which might make it harder for stockholders to sell:

As a result of our stock price, our shares are subject to the penny stock rules. Because a "penny stock" is, generally speaking, one selling for less than \$5.00 per share, the Company's common stock may be subject to the foregoing rules. The application of the penny stock rules may affect stockholders' ability to sell their shares because some broker-dealers may not be willing to make a market in the Company's common stock because of the burdens imposed upon them by the penny stock rules which include but are not limited to:

30

- Section 15(g) of the Securities Exchange Act of 1934 and SEC Rules 15g-1 through 15g-6, which impose additional sales practice requirements on broker-dealers who sell Company securities to persons other than established customers and accredited investors.
- Rule 15g-2 declares unlawful any broker-dealer transactions in penny stocks unless the broker-dealer has first provided to the customer a standardized disclosure document.
- Rule 15g-3 provides that it is unlawful for a broker-dealer to engage in a penny stock transaction unless the broker-dealer first discloses and subsequently confirms to the customer the current quotation prices or similar market information concerning the penny stock in question.
- Rule 15g-4 prohibits broker-dealers from completing penny stock transactions for a customer unless the

broker-dealer first discloses to the customer the amount of compensation or other remuneration received as a result of the penny stock transaction.

Rule 15g-5 requires that a broker-dealer executing a penny stock transaction, other than one exempt under Rule 15g-1, disclose to its customer, at the time of or prior to the transaction, information about the sales persons' compensation.

Potential shareholders of the Company should also be aware that, according to SEC Release No. 34-29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (i) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (ii) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (iii) "boiler room" practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (iv) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (v) the wholesale dumping of the same securities by promoters and broker dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses.

Limited regulatory oversight may require potential investors to fend for themselves :

The Company has elected to be treated as a business development company under the 1940 Act which makes the Company exempt from some provisions of that statute. The Company is not registered as a broker-dealer or investment advisor because the nature of its proposed activities does not require it to do so; moreover it is not registered as a commodity pool operator under the Commodity Exchange Act, based on its intention not to trade commodities or financial futures. However, the Company is a reporting company under the Securities Exchange Act of 1934. As a result of this limited regulatory oversight, the Company is not subject to certain operating limitations, capital requirements, or reporting obligations that might otherwise apply and investors may be left to fend for themselves.

The Company's concentration of portfolio company securities:

The Company will attempt to hold the securities of several different portfolio companies. However, a significant amount of the Company's holdings could be concentrated in the securities of only a few companies. This risk is particularly acute during this time period of early Company's operations, which could result in significant concentration with respect to a particular issuer or industry. The concentration of the Company's portfolio in any one issuer or industry would subject the Company to a greater degree of risk with respect to the failure of one or a few issuers or with respect to economic downturns in such industry than would be the case with a more diversified portfolio. At December 31, 2007, 99.7% of the Company's asset value resulted from a single portfolio holding.

The unlikelihood of cash distributions :

Although the Company has the corporate power to make cash distributions, such distributions are not among the Company's objectives. Consequently, management does not expect to make any cash distributions in the immediate future. Moreover, even if cash distributions were made, they would depend on the size of the Company, its performance, and the expenses incurred by the Company.

Because many of the Company's portfolio securities will be recorded at values as determined in good faith by the

Board of Directors, the prices at which the Company is able to dispose of these holdings may differ from their respective recorded values :

The Company values its portfolio securities at fair value as determined in good faith by the Board of Directors. However, the Company may be required on a more frequent basis to value the securities at fair value as determined in good faith by the Board of Directors to the extent necessary to reflect significant events affecting the value of such securities. For privately held securities, and to a lesser extent, for publicly-traded securities, this valuation is an art and not a science. The Board of Directors may retain an independent valuation firm to aid it on a selective basis in making fair value determinations. Factors that may be considered in fair value pricing of an investment include the markets in which the portfolio company does business, comparison of the portfolio company to (other) publicly traded companies, discounted cash flow of the portfolio company, and other relevant factors. Because such valuations are inherently uncertain, may fluctuate during short periods of time, and may be based on estimates, determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. As a result, the Company may not be able to dispose of its holdings at a price equal to or greater than the determined fair value. Net asset value could be adversely affected if the determination regarding the fair value of Company investments is materially higher than the values ultimately realized upon the disposal of such securities.

The lack of liquidity in the Company's portfolio securities would probably prevent the Company from disposing of them at opportune times and prices, which may cause a loss and/or reduce again:

The Company will frequently hold securities in privately held companies. Some of these securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of such investments may make it difficult to sell such investments at advantageous times and prices or in a timely manner. In addition, if the Company is required to liquidate all or a portion of its portfolio quickly, it may realize significantly less than the values recorded for such investments. The Company may also face other restrictions on its ability to liquidate an investment in a portfolio company to the extent that the Company has material non-public information regarding such portfolio company. If the Company is unable to sell its assets at opportune times, it might suffer a loss and/or reduce a gain. Restrictions on resale and limited liquidity are both factors the Board will consider in determining fair value of portfolio securities. Moreover, even holdings in publicly-traded securities are likely to be relatively illiquid because the market for companies of the type in which the Company invests tend to be thin and usually cannot accommodate large volume trades.

Holding securities of privately held companies may be riskier than holding securities of publicly traded companies due to the lack of available public information:

The Company will frequently hold securities in privately-held companies which may be subject to higher risk than holdings in publicly traded companies. Generally, little public information exists about privately held companies, and the Company will be required to rely on the ability of management to obtain adequate information to evaluate the potential risks and returns involved in investing in these companies. If the Company is unable to uncover all material information about these companies, it may not make a fully informed investment decision, and it may lose some or all of the money it invests in these companies. These factors could subject the Company to greater risk than holding securities in publicly traded companies and negatively affect investment returns.

The market values of publicly traded portfolio companies are likely to be extremely volatile :

Our clients tend to be early stage biotech companies. As a result, their operations and futures are highly dependent on

their ability to develop a product and on public perception. Unlike more seasoned companies with historical financial projections that can be used to evaluate performance, our clients typically do not possess such historical figures. Accordingly, shares of our portfolio companies that are quoted for public trading will generally be thinly traded and subject to wide and sometimes precipitous swings in value.

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

33

Item 6. Exhibits and Form 8-K reports filed during the quarter

Exhibits

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

Exhibit Number	Description
31.1	Certification of the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley

- 32.2 Certification of Principal Executive Officer Pursuant to 18 U.S.C §1350*
32.1 Certification of Principal Financial Officer Pursuant to 18 U.S.C §1350*

*Filed herewith

Form 8-K Reports filed during the quarter

Form 8-K filed on June 16, 2008 concerning Item 5.02, the departure of Directors or Principal Officers and the election of a new Principal Officer is incorporated by exhibit.2.1

Form 8K/A filed on June 17, 2008 amending the filing on June 16, 2008 incorporated into this report by exhibit 2.2.

34

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: August 18, 2008

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

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below constitutes and appoints Malcolm Currie, 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 Annual 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

<u>Name</u>	<u>Title</u>	<u>Date</u>
/s/ Charles J. Newman	Chief Executive Officer, Chief Financial Officer, and Director (Principal executive officer)	August 18, 2008

Charles J. Newman

/s/ Malcolm Currie Director

August 18, 2008

Malcolm Currie

/s/ Carl Perry Director

August 18 2008

Carl Perry

/s/ Neil Williams Director

August 18, 2008

Neil Williams

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

FORM 8-K

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

Date of Report (Date of earliest event reported): June 16, 2008

Commission File Number: 0-32593

Regal One Corporation

(Exact name of registrant as specified in its charter)

Florida 5-4158065

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

11300 West Olympic Blvd., Suite 800, Los Angeles, California 90064

(Address of principal executive offices)

(310) 312-6888

(Issuer's telephone number, including area code)

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

Effective June 16, 2008, the Board of Directors Regal One Corporation (the "Company"), by unanimous written consent, agreed to accept the resignation of Malcolm Currie from his positions as the Company's Chief Executive Officer, Chief Financial Officer and Chairman of the Board of Directors. Mr. Currie will, however, remain a director of the Company. The Board also appointed Charles J. Newman to a vacant seat on the Board of Directors and appointed Mr. Newman as the Company's new Chief Executive Officer, Chief Financial Officer and Chairman of the Board of Directors.

Charles J. Newman, 62, is a private investor with corporate management experience. From 1982 to the present, Mr. Newman has been serving as Chief Executive Officer of NCJ Corporation. From 1985 to the present, Mr. Newman has been serving as the Chief Executive Officer of Mid America Venture Capital Fund, Inc. From 1988 to the present, he has been serving as Chief Financial Officer of Lincoln Loan & Finance Corp., National Acceptance Corporation and

Ambassador Finance Co., Inc. Mr. Newman has also been serving as the Chief Executive Officer for those three entities since 2005. From 1993 to the present, Mr. Newman has been serving as President and Director of Mid America Capital Corp. From 2004 to the present, Mr. Newman has been serving as Chief Financial Officer of Viurx Pharmaceuticals, Inc. From 2005 to the present, Mr. Newman has been serving as President and Director of Cardiovas Corporation and, from 1999 to the present, he has served in those same capacities for Porchester Gardens, LTD.

SIGNATURES

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

REGAL ONE CORPORATION

/s/ Charles J. Newman

Charles J. Newman,

Chief Executive Officer

Date: June 16, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 16, 2008

Commission File Number: 0-32593

Regal One Corporation

(Exact name of registrant as specified in its charter)

Florida 5-4158065

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

11300 West Olympic Blvd., Suite 800, Los Angeles, California 90064

(Address of principal executive offices)

(310) 312-6888

(Issuer's telephone number, including area code)

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

Effective June 16, 2008, the Board of Directors Regal One Corporation (the "Company"), by unanimous written consent, agreed to accept the resignation of Malcolm Currie from his positions as the Company's Chief Executive Officer, Chief Financial Officer and Chairman of the Board of Directors. Mr. Currie will, however, remain a director of the Company. The Board also appointed Charles J. Newman to a vacant seat on the Board of Directors and appointed Mr. Newman as the Company's new Chief Executive Officer, Chief Financial Officer and Chairman of the Board of Directors.

Charles J. Newman, 62, is a private investor with corporate management experience. From 1982 to the present, Mr. Newman has been serving as Chief Executive Officer of NCJ Corporation. From 1985 to the present, Mr. Newman has been serving as the Chief Executive Officer of Mid America Venture Capital Fund, Inc. From 1988 to the present, he has been serving as Chief Financial Officer of Lincoln Loan & Finance Corp., National Acceptance Corporation and Ambassador Finance Co., Inc. Mr. Newman has also been serving as the Chief Executive Officer for those three entities since 2005. From 1993 to the present, Mr. Newman has been serving as President and Director of Mid America Capital Corp. From 2004 to the present, Mr. Newman has been serving as Chief Financial Officer of Viurx Pharmaceuticals, Inc. From 2005 to the present, Mr. Newman has been serving as President and Director of Cardiovas Corporation and, from 1999 to the present, he has served in those same capacities for Porchester Gardens, LTD. From 2000 to the present, Mr. Newman has served as Vice-President and Director of Doubletree Capital Partners, LLC, which is a controlling shareholder of ISA Internationale, Inc., a corporation whose shares are traded on the NASDAQ Over-the-Counter Bulletin Board under the symbol "ISAT".

SIGNATURES

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

REGAL ONE CORPORATION

/s/ Charles J. Newman Date June 17, 2008

Charles J. Newman,

Chief Executive Officer

EXHIBIT 31.1

SECTION 302

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Charles J. Newman, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Regal One Corporation;

(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) The registrant's other certifying officer(s) and 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(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) The registrant's other certifying officer(s) and 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):

(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.

Date: August 18, 2008

By: /s/ Charles J. Newman

Charles J. Newman, Chief Executive Officer

EXHIBIT 31.2

SECTION 302

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Charles J. Newman, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Regal One Corporation;

(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) The registrant's other certifying officer(s) and 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(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) The registrant's other certifying officer(s) and 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):

(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.

Date: August 18, 2008

By: /s/ Charles J. Newman

Charles J. Newman, Chief Financial Officer

(Principal Accounting Officer)

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 Quarterly Report of Regal One Corporation (the "Company") on Form 10-Q for the period ending June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles J. Newman, Chief Executive Officer of the Company, 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 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 Report fairly presents, in all material respects, the financial condition and results of the operation of the Company.

/s/ Charles J. Newman

Charles J. Newman
Chief Executive Officer

EXHIBIT 32.2

**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 Quarterly Report of Regal One Corporation (the "Company") on Form 10-Q for the period ending June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles J. Newman, Chief Financial Officer of the Company, 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 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 Report fairly presents, in all material respects, the financial condition and results of the operation of the Company.

/s/ Charles J. Newman

Charles J. Newman
Chief Financial Officer
(Principal Accounting Officer)