

Hypersolar, Inc.  
Form 10-Q  
November 07, 2011

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

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER: 000-54437

HYPERSOLAR, INC.

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

26-4298300  
(I.R.S. Employer  
Identification Number)

629 State Street, Suite 242  
Santa Barbara, California 93109

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (805) 966-6566

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

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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “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  (Do not check if a smaller reporting company)  
company[x]

Smaller reporting

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

There were 137,955,039 shares of the registrant's common stock, par value \$0.001, issued and outstanding as of November 4, 2011.

HYPERSOLAR, INC.

TABLE OF CONTENTS

PART I. Financial Information

|         | Description   | Page |
|---------|---|------|
| Item 1. | Financial Statements  | 3    |
|         | Balance Sheets as of September 30, 2011 (unaudited) and June 30, 2011                                 | 3    |
|         | Statements of Operations for the Three Months ended September 30, 2011 and 2010 (unaudited)           | 4    |
|         | Statement of Shareholders' Equity (Deficit) for the Three Months ended September 30, 2011 (unaudited) | 5    |
|         | Statements of Cash Flows for the Three Months ended September 30, 2011 and 2010 (unaudited)           | 6    |
|         | Notes to Financial Statements   | 7    |
| Item 2. | Management's Discussion and Analysis and Results of Operations  | 10   |
| Item 3. | Quantitative and Qualitative Disclosures About Market Risk  | 13   |
| Item 4. | Controls and Procedures   | 13   |

PART II. Other Information

|            | Description   | Page |
|------------|---|------|
| Item 1.    | Legal Proceedings   | 14   |
| Item 1A.   | Risk Factors  | 14   |
| Item 2.    | Unregistered Sales of Equity Securities and Use of Proceeds | 14   |
| Item 3.    | Defaults Upon Senior Securities                             | 14   |
| Item 4.    | Reserved  | 14   |
| Item 5.    | Other Information   | 14   |
| Item 6.    | Exhibits  | 15   |
| Signatures |   | 16   |

## PART I – FINANCIAL INFORMATION

## ITEM 1. Financial Statements

HYPERSOLAR, INC.  
(A Development Stage Company)  
BALANCE SHEETS

|  | September<br>30, 2011<br>(Unaudited) | June 30,<br>2011 |
|--|--------------------------------------|------------------|
| <b>ASSETS</b>  |                                      |                  |
| <b>CURRENT ASSETS</b>  |                                      |                  |
| Cash   | \$ 50,482                            | \$ 28,020        |
| Prepaid expenses   | 19,993                               | 34,249           |
| <b>TOTAL CURRENT ASSETS</b>  | <b>70,475</b>                        | <b>62,269</b>    |
| <b>PROPERTY &amp; EQUIPMENT</b>  |                                      |                  |
| Computers and peripherals  | 4,198                                | 4,198            |
| Less: accumulated depreciation   | (2,325 )                             | (1,975 )         |
| <b>NET PROPERTY AND EQUIPMENT</b>  | <b>1,873</b>                         | <b>2,223</b>     |
| <b>OTHER ASSETS</b>  |                                      |                  |
| Deposits   | 1,470                                | -                |
| Domain, net of amortization \$1,122 and \$1,033, respectively                | 4,193                                | 4,281            |
| Patents  | 14,727                               | 14,727           |
| <b>TOTAL OTHER ASSETS</b>  | <b>20,390</b>                        | <b>19,008</b>    |
| <b>TOTAL ASSETS</b>  | <b>\$ 92,738</b>                     | <b>\$ 83,500</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                  |                                      |                  |
| <b>CURRENT LIABILITIES</b>   |                                      |                  |
| Accounts payable   | \$ 42,611                            | \$ 55,047        |
| Accrued expenses   | 14,167                               | 14,167           |
| <b>TOTAL CURRENT LIABILITIES</b>   | <b>56,778</b>                        | <b>69,214</b>    |
| <b>SHAREHOLDERS' EQUITY</b>  |                                      |                  |
| Preferred Stock, \$0.001 par value;<br>5,000,000 authorized preferred shares | -                                    | -                |

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|   |                 |                 |
|---|-----------------|-----------------|
| Common Stock, \$0.001 par value;  |                 |                 |
| 500,000,000 authorized common shares                                    |                 |                 |
| 137,955,039 and 132,903,091 shares issued and outstanding, respectively | 137,955         | 132,903         |
| Additional Paid in Capital  | 1,762,945       | 1,563,110       |
| Deficit Accumulated during the Development Stage                        | (1,864,940)     | (1,681,727)     |
| <b>TOTAL SHAREHOLDER'S EQUITY</b>                                       | <b>35,960</b>   | <b>14,286</b>   |
| <b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>                       | <b>\$92,738</b> | <b>\$83,500</b> |

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

HYPER SOLAR, INC.  
(A Development Stage Company)  
STATEMENTS OF OPERATIONS  
(Unaudited)

|   | For the Three Months Ended |                     | From                 |
|---|----------------------------|---------------------|----------------------|
|   | September                  | September           | Inception            |
|   | 30, 2011                   | 30, 2010            | on                   |
|   |                            |                     | February             |
|   |                            |                     | 18, 2009             |
|   |                            |                     | through              |
|   |                            |                     | September            |
|   |                            |                     | 30, 2011             |
| REVENUE   | \$-                        | \$-                 | \$-                  |
| <b>OPERATING EXPENSES</b>                         |                            |                     |                      |
| General and administrative expenses               | 149,199                    | 137,709             | 1,480,763            |
| Research and development                          | 33,576                     | 38,529              | 377,138              |
| Depreciation and amortization                     | 438                        | 356                 | 3,447                |
| <b>TOTAL OPERATING EXPENSES</b>                   | <b>183,213</b>             | <b>176,594</b>      | <b>1,861,348</b>     |
| <b>LOSS FROM OPERATIONS BEFORE OTHER EXPENSES</b> | <b>(183,213 )</b>          | <b>(176,594 )</b>   | <b>(1,861,348)</b>   |
| <b>OTHER EXPENSES</b>                             |                            |                     |                      |
| Penalties   | -                          | -                   | (65 )                |
| Interest expense                                  | -                          | -                   | (3,527 )             |
| <b>TOTAL OTHER EXPENSES</b>                       | <b>-</b>                   | <b>-</b>            | <b>(3,592 )</b>      |
| <b>NET LOSS</b>                                   | <b>\$(183,213 )</b>        | <b>\$(176,594 )</b> | <b>\$(1,864,940)</b> |
| <b>BASIC AND DILUTED LOSS PER SHARE</b>           | <b>\$(0.00 )</b>           | <b>\$(0.00 )</b>    |                      |
| <b>WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING</b> |                            |                     |                      |
| BASIC AND DILUTED                                 | 134,896,880                | 126,369,000         |                      |

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

HYPERMOLAR, INC.  
(A Development Stage Company)  
STATEMENT OF SHAREHOLDERS' EQUITY

|   | Preferred stock |        | Common stock |            | Additional   | Deficit        |           |
|---|-----------------|--------|--------------|------------|--------------|----------------|-----------|
|   | Shares          | Amount | Shares       | Amount     | Paid-in      | Accumulated    | Total     |
|   |                 |        |              |            | Capital      | during the     |           |
|   |                 |        |              |            |              | Development    |           |
|   |                 |        |              |            |              | Stage          |           |
| Balance at June 30, 2011  | -               | \$ -   | 132,903,091  | \$ 132,902 | \$ 1,563,111 | \$ (1,681,727) | \$ 14,286 |
| Issuance of common stock for cash at prices ranging from \$0.035 to \$0.055 per share (unaudited) | -               | -      | 5,051,948    | 5,053      | 189,947      | -              | 195,000   |
| Stock option compensation cost (unaudited)  | -               | -      | -            | -          | 9,887        | -              | 9,887     |
| Net loss for the period ended September 30, 2011 (unaudited)                                      | -               | -      | -            | -          | -            | (183,213 )     | (183,213) |
| Balance at September 30, 2011 (unaudited)   | -               | \$ -   | 137,955,039  | \$ 137,955 | \$ 1,762,945 | \$ (1,864,940) | \$ 35,960 |

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

HYPERMOLAR, INC.  
(A Development Stage Company)  
STATEMENTS OF CASH FLOWS  
(Unaudited)

|  | For the Three Months<br>Ended |                       | From<br>Inception<br>on<br>February<br>18, 2009 |
|--|-------------------------------|-----------------------|---|
|  | September<br>30, 2011         | September<br>30, 2010 | through<br>September<br>30, 2011                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                 |                               |                       |   |
| Net loss   | \$(183,213 )                  | \$(176,594 )          | \$(1,864,940)                                   |
| Adjustment to reconcile net loss to net cash<br>used in operating activities |                               |                       |   |
| Depreciation & amortization expense  | 438                           | 356                   | 3,447   |
| Common stock issued for services   | -                             | -                     | 152,080   |
| Common stock compensation  | 9,887                         | -                     | 38,671  |
| Change in Assets and Liabilities:  |                               |                       |   |
| (Increase) Decrease in:  |                               |                       |   |
| Prepaid expenses   | 14,256                        | 5,000                 | (19,993 )                                       |
| Deposits   | (1,470 )                      | -                     | (1,470 )  |
| Increase (Decrease) in:  |                               |                       |   |
| Accounts payable   | (12,436 )                     | 12,552                | 42,611  |
| Accrued expenses   | -                             | (8,649 )              | 14,167  |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>                                 | <b>(172,538 )</b>             | <b>(167,335 )</b>     | <b>(1,635,427)</b>                              |
| <b>NET CASH FLOWS FROM INVESTING ACTIVITIES:</b>                             |                               |                       |   |
| Purchase of fixed assets   | -                             | -                     | (4,198 )  |
| Purchase of intangible assets  | -                             | -                     | (20,042 )                                       |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                                 | <b>-</b>                      | <b>-</b>              | <b>(24,240 )</b>                                |
| <b>NET CASH FLOWS FROM FINANCING ACTIVITIES:</b>                             |                               |                       |   |
| Proceeds from note payable, related party                                    | -                             | -                     | 154,553   |
| Payment of notes payable, related party                                      | -                             | -                     | (154,553 )                                      |
| Proceeds from issuance of common stock                                       | 195,000                       | -                     | 1,710,149                                       |
| <b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>                             | <b>195,000</b>                | <b>-</b>              | <b>1,710,149</b>                                |
| <b>NET INCREASE/(DECREASE) IN CASH</b>                                       | <b>22,462</b>                 | <b>(167,335 )</b>     | <b>50,482</b>                                   |
| <b>CASH, BEGINNING OF PERIOD</b>   | <b>28,020</b>                 | <b>412,066</b>        | <b>-</b>  |
| <b>CASH, END OF PERIOD</b>   | <b>\$50,482</b>               | <b>\$244,731</b>      | <b>\$50,482</b>                                 |



SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

|               |     |       |         |
|---------------|-----|-------|---------|
| Interest paid | \$- | \$556 | \$3,527 |
| Taxes paid    | \$- | \$-   | \$-     |

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

HYPERSOLAR, INC.  
(A Development Stage Company)  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

1. Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all normal recurring adjustments considered necessary for a fair presentation have been included. Operating results for the three months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending June 30, 2011. For further information refer to the financial statements and footnotes thereto included in the Company's Form 10-K for the year ended June 30, 2011.

Going Concern

The accompanying financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets and liabilities and commitments in the normal course of business. The accompanying financial statements do not reflect any adjustments that might result if the Company is unable to continue as a going concern. The Company does not generate revenue, and has negative cash flows from operations, which raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern and appropriateness of using the going concern basis is dependent upon, among other things, additional cash infusion. The Company has obtained funds from its shareholders since its inception through the period ended September 30, 2011. Management believes this funding will continue, and has also obtained funding from new investors. Management believes the existing shareholders and the prospective new investors will provide the additional cash needed to meet the Company's obligations as they become due, and will allow the development of its core business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of HyperSolar, Inc. is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Development Stage Activities and Operations

The Company has been in its initial stages of formation and for the period ended September 30, 2011, had no revenues. A development stage activity is one in which all efforts are devoted substantially to establishing a new business and even if planned principal operations have commenced, revenues are insignificant.

Revenue Recognition

The Company recognizes revenue when services are performed, and at the time of shipment of products, provided that evidence of an arrangement exists, title and risk of loss have passed to the customer, fees are fixed or determinable, and collection of the related receivable is reasonably assured. To date, the Company has had no revenues and is in the development stage.

Cash and Cash Equivalent

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

7

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HYPERSOLAR, INC.  
(A Development Stage Company)  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements. Significant estimates made in preparing these financial statements include the estimate of useful lives of intangible assets, and the deferred tax valuation allowance. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Disclosures about fair value of financial instruments, requires disclosure of the fair value information, whether or not recognized in the balance sheet, where it is practicable to estimate that value. As of September 30, 2011, the amounts reported for cash, accrued interest and other expenses approximate the fair value because of their short maturities.

Loss per Share Calculations

Loss per Share dictates the calculation of basic earnings per share and diluted earnings per share. Basic earnings per share are computed by dividing income available to common shareholders by the weighted-average number of common shares available. Diluted earnings per share is computed similar to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. A total of 3,818,182 shares for employee options or warrants were not used in the calculation of the loss per share as they were all anti-dilutive. The Company's diluted loss per share is the same as the basic loss per share for the period ended September 30, 2011, as the inclusion of any potential shares would have had an anti-dilutive effect due to the Company generating a loss.

Recently issued pronouncements

Management reviewed accounting pronouncements issued during the three months ended September 30, 2011, and no pronouncements were adopted during the period.

3. CAPITAL STOCK

During the three months ended September 30, 2011, the Company issued 909,091 shares of common stock at a price of \$0.055 per share for cash of \$50,000, with warrants attached to purchase 1,818,182 shares of common stock at a price of \$0.055 and issued 4,142,857 shares of common stock at a price of \$0.035 per share for cash of \$145,000 with warrants attached to purchase 5,428,572 shares of common stock at a price of \$0.035.

4. STOCK OPTIONS

On October 8, 2010, the Board of Directors of the Company granted non-qualified stock options for 2,000,000 shares of common stock to its employees. Each option shall be exercisable to the nearest whole share, in installments or otherwise, as the respective agreements may provide. Notwithstanding any other provisions of the Option agreement, each Option expires on the date specified in the Option agreement, which date shall not be later than the fifth (5th) anniversary from the grant date of the options. The stock options vest 1/12 after one year and 1/36th every 30 days thereafter until the remaining stock options have vested. The stock options are exercisable for a period of five years from the date of grant at an exercise price \$0.11 per share.



HYPERMOLAR, INC.  
(A Development Stage Company)  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

## 4. STOCK OPTIONS (Continued)

A summary of the Company's stock option activity and related information follows:

|   | 6/30/2011               | Weighted<br>average<br>exercise<br>price |
|---|-------------------------|--|
|   | Number<br>of<br>Options |  |
| Outstanding, beginning of period                                    | -                       | \$ -                                     |
| Granted   | 2,000,000               | 0.11                                     |
| Exercised   | -                       | -  |
| Forfeited/Expired   | -                       | -  |
| Outstanding, end of period  | 2,000,000               | \$ 0.11                                  |
| Exercisable at the end of period                                    | 488,890                 | \$ 0.11                                  |
| Weighted average fair value of<br>options granted during the period |                         | \$ 0.11                                  |

The weighted average remaining contractual life of options outstanding issued under the plan as of September 30, 2011 was as follows:

| Exercisable<br>Prices | Stock<br>Options<br>Outstanding | Stock<br>Options<br>Exercisable | Weighted<br>Average<br>Remaining<br>Contractual<br>Life (years) |
|-----------------------|---------------------------------|---------------------------------|---|
| \$ 0.11               | 2,000,000                       | 488,890                         | 4.02  |

Stock-based compensation expense recognized during the period is based on the value of the portion of stock-based payment awards that is ultimately expected to vest. Stock-based compensation expense recognized in the financial statements of operations during the period ended September 30, 2011, included compensation expense for the stock-based payment awards granted prior to, but not yet vested, as of September 30, 2011 based on the grant date fair value estimated, and compensation expense for the stock-based payment awards granted subsequent to September 30, 2011, based on the grant date fair value estimated. We account for forfeitures as they occur. The stock-based compensation expense recognized in the statement of income during the period ended September 30, 2011 and 2010 is \$9,887 and \$0, respectively.

## 5. RENTAL LEASE

On August 10, 2011, the Company entered into a new facility lease with monthly rentals for \$1,470 per month. The lease is for a one year term and commenced on September 1, 2011, which terminates on August 31, 2012.

## 6. SUBSEQUENT EVENTS

Management has evaluated subsequent events according to the requirements of ASC TOPIC 855 and has determined there are no subsequent events to be reported.

## ITEM 2. Management's Discussion and Analysis and Results of Operations

### Cautionary Statement Regarding Forward-Looking Statements

The information in this discussion may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties, including statements regarding our capital needs, business strategy and expectations. Any statements that are not of historical fact may be deemed to be forward-looking statements. These forward-looking statements involve substantial risks and uncertainties. In some cases you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "intend," "anticipate," "estimate," "predict," "potential," or "continue", the negative of the terms or other comparable terminology. Unless the context otherwise requires, references in this Form 10-Q to "we," "us," "our," or the "Company" refer to Hypersolar, Inc. Forward-looking statements in this Report may also include references to anticipated sales volume and product margins, efforts aimed at establishing new or improving existing relationships with customers, other business development activities, anticipated financial performance, business prospects and similar matters. Actual events or results may differ materially from the anticipated results or other expectations expressed in the forward-looking statements. In evaluating these statements, you should consider various factors, including the risks included from time to time in other reports or registration statements filed with the United States Securities and Exchange Commission. These factors may cause our actual results to differ materially from any forward-looking statements. We disclaim any obligation to publicly update these statements, or disclose any difference between actual results and those reflected in these statements.

### Overview

We are developing a solar concentrator technology to increase the power output of solar cells. We are currently working on, but have not completed a working prototype of our technology. Based on micro-photonics and existing manufacturing processes, we are developing a thin and flat solar concentrator that management believes can deliver substantially more sunlight onto solar cells. We believe this new approach allows solar cells to produce multiple times more power. The thin and flat nature of this solar concentrator is intended to allow it to be placed as a layer directly on the surface of solar cells in conventional photovoltaic flat panel designs. With HyperSolar as the top layer, management believes solar manufacturers can use significantly fewer solar cells in the production of solar panels, thereby reducing the cost per watt of solar electricity.

By providing photovoltaic manufacturers with a way to lower the cost per watt of solar panels, we believe our technology will help solar become a cost-effective source of clean, renewable energy to power the future needs of the world.

We began operating our business in February 2009, and have not generated any revenues. Since inception, we have been primarily involved in research and development activities associated with the filing of a patent application, design and fabrication of a working prototype. When we have completed a commercial product design based on our technology, we intend to use licensing and partnering strategies to enter the market.

### Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to impairment of property,



plant and equipment, intangible assets, deferred tax assets and fair value computation using the Black Scholes option pricing model. We base our estimates on historical experience and on various other assumptions, such as the trading value of our common stock and estimated future undiscounted cash flows, that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions; however, we believe that our estimates, including those for the above-described items, are reasonable.

#### Use of Estimates

In accordance with accounting principles generally accepted in the United States, management utilizes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates and assumptions relate to recording net revenue, collectibility of accounts receivable, useful lives and impairment of tangible and intangible assets, accruals, income taxes, inventory realization, stock-based compensation expense and other factors. Management believes it has exercised reasonable judgment in deriving these estimates. Consequently, a change in conditions could affect these estimates.

#### Fair Value of Financial Instruments

The Company's cash, accounts payable, accrued interest, and note payable are stated at cost which approximates fair value due to the short-term nature of these instruments.

#### Recently Issued Accounting Pronouncements

Management reviewed accounting pronouncements issued during the three months ended September 30, 2011, and no pronouncements were adopted during the period.

#### Liquidity and Capital Resources

As of September 30, 2011, we had \$13,697 of working capital as compared to a working deficit of \$(6,945) as of June 30, 2011. This increase of \$20,642 was due primarily to a increase in equity funding.

Cash flow used in operating activities was \$(172,538) for the three months ended September 30, 2011 and \$(167,335) for the prior period ended September 30, 2010. The increase of \$(5,203) in cash used by operating activities was primarily due to an increase in deposits and accounts payable, and a decrease in prepaid expenses. The Company is in its development stage and has no revenues.

Cash used in investing activities was \$0 for the three months ended September 20, 2011 and 2010, respectively. There were no fixed assets purchased during the respective periods.

Cash provided from financing activities during the three months ended September 30, 2011 was \$195,000 and \$0 for the prior period ended September 30, 2010. The increase of \$195,000 in financing activities was due to equity financing during the current period.

Our financial statements as of September 30, 2011 have been prepared under the assumption that we will continue as a going concern from inception (February 18, 2009) through September 30, 2011. Our independent registered public accounting firm have issued their report dated September 27, 2011 that included an explanatory paragraph expressing substantial doubt in our ability to continue as a going concern without additional capital becoming available. Our ability to continue as a going concern ultimately is dependent on our ability to generate a profit which is dependent upon our ability to obtain additional equity or debt financing, attain further operating efficiencies and, ultimately, to achieve profitable operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.



We believe our current cash balance, including additional equity financing will fund our operations for the next three months as we continue to try and develop a working prototype of our technology. However, there may be unforeseen operational issues such as multiple rounds of design and redesign of the prototype that may exceed our current projected budget. If any unforeseen circumstances should arise, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity securities could result in additional dilution to our stockholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. Financing may not be available in amounts and on terms acceptable to us, or at all. To the extent that additional capital is raised through the sale of equity or debt securities, the issuance of these securities could result in further dilution to our stockholders. If we are unable to obtain additional financing, we may be forced to curtail our operations

#### PLAN OF OPERATION AND FINANCING NEEDS

Our plan of operation within the next three months is to utilize our cash balances to develop a demonstration prototype. Since inception, we have been primarily involved in research and development activities associated with the filing of a patent application, design and fabrication of a working prototype. The purpose of the prototype will be to demonstrate how our technology can increase the output of power of a typical solar cell overlaid with the HyperSolar concentration layer. We are currently developing a prototype of the Low Magnification version of our technology. We do not expect to purchase any significant plant and equipment for completing the prototype. Our current plan contemplates contracting with prototyping firms to produce the prototype based on our proprietary design. When we have completed a commercial product design based on our technology, we intend to use licensing and partnering strategies to enter the market. Our current efforts involve improving the design to meet future cost concerns with commercial development. Should we be unsuccessful in our efforts to improve the cost efficiency of our design, we may be forced to abandon our current design.

#### Operating Expenses

Operating expenses for the three months ended September 30, 2011 were \$183,213 and \$176,594 for the prior period ended September 30, 2010. The net change of \$6,619 in operating expenses consisted primarily of an increase in non-cash stock compensation expense of \$9,887, and the overall decrease in research and development cost.

#### Net Loss

For the three months ended September 30, 2011, our net loss was \$(183,213) and \$(176,594) for the prior period September 30, 2010. The net change of \$(6,619) in net loss was related primarily to an increase in non-cash stock compensation expense and a decrease in research and development cost. We recently began operating our business, and no revenues were generated to cover our operating costs, since we are in the development stage of our Company.

ITEM 3. Quantitative and Qualitative Disclosure About Market Risk

N/A

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is: (i) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and (ii) accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There was no change to our internal control over financial reporting that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings

None.

ITEM 1A. Risk factors

There are no material changes from the risk factors previously disclosed in our annual report on Form 10-K filed with the SEC on September 28, 2011.

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

During the three months ended September 30, 2011, the Company issued 909,091 shares of common stock at a price of \$0.055 per share for gross cash proceeds of \$50,000, with warrants attached to purchase 1,818,182 shares of common stock at a price of \$0.055. The Company also issued 4,142,857 shares of common stock at a price of \$0.035 per share for gross cash proceeds of \$145,000 with warrants attached to purchase 5,428,572 shares of common stock at a price of \$0.035.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. (Removed and Reserved)

ITEM 5. Other Information

None.

ITEM 6. Exhibits

Exhibit

No. Description

31.1\* Certification of the Chief Executive Officer and Chief Financial Officer of Hypersolar, Inc., pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1\* Certification of the Chief Executive Officer and Chief Financial Officer of Hypersolar, Inc., furnished pursuant to Section 1350 of Chapter 63 of 18 U.S.C. as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EX-101.INS\* XBRL INSTANCE DOCUMENT

EX-101.SCH\* XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT

EX-101.CAL\* XBRL TAXONOMY EXTENSION CALCULATION LINKBASE

EX-101.DEF\* XBRL TAXONOMY EXTENSION DEFINITION LINKBASE

EX-101.LAB\* XBRL TAXONOMY EXTENSION LABELS LINKBASE

EX-101.PRE\* XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE

\* Filed herewith

HYPERSOLAR, INC.

SIGNATURE

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

HYPERSOLAR, INC.

November 7, 2011

By: /s/ Timothy Young

Chief Executive Officer and Acting  
Chief Financial Officer (Principal  
Executive Officer and Principal  
Financial and Accounting Officer)