ADVANCED SEMICONDUCTOR ENGINEERING INC
Form 6-K
April 26, 2007

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

April 26, 2007

Commission File Number 001-16125

Advanced Semiconductor Engineering, Inc.
(Exact name of Registrant as specified in its charter)

26 Chin Third Road
Nantze Export Processing Zone
Kaoshiung, Taiwan
Republic of China
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F X   Form 40-F ___

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

____

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

____

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ___ No X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not applicable

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, thereunto duly authorized.

ADVANCED SEMICONDUCTOR ENGINEERING, INC.

Date: April 26, 2007

By: /s/ Joseph Tung
Name: Joseph Tung
Title: Chief Financial Officer

Advanced Semiconductor Engineering, Inc.

FOR IMMEDIATE RELEASE

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ADVANCED SEMICONDUCTOR ENGINEERING, INC. REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR YEAR 2007 FIRST-QUARTER

Taipei, Taiwan, R.O.C., April 25, 2007 - Advanced Semiconductor Engineering, Inc. (TAIEX: 2311, NYSE: ASX) ("We", "ASE", or the "Company"), the world's largest independent provider of IC packaging and testing services, today reported unaudited consolidated net revenues[1] of NT$21,093 million for the first quarter of 2007 (1Q07), down 15% year-over-year and down 7% sequentially. Net income for the quarter totaled NT$1,661 million, down from NT$3,182 million in 1Q06 and down from NT$2,734 million in 4Q06. Diluted earnings per share for the quarter was NT$0.36 (or US$0.055 per ADS), compared to NT$0.69 for 1Q06 and NT$0.59 for 4Q06.

RESULTS OF OPERATIONS

<u>1Q07 Results Highlights</u>

l Net revenues contribution from IC packaging operations (including module assembly), testing operations, and substrate sold to third parties were NT$16,283 million, NT$4,324 million and NT$486 million, respectively, and each represented approximately 77%, 21% and 2% respectively, of total net revenues for the quarter.

l Cost of revenues was NT$16,096 million, down 12% year-over-year and relatively unchanged sequentially.

- As a percentage of total net revenues, cost of revenues was 76% in 1Q07, up from 73% in 1Q06 and up from 72% in 4Q06.

- Raw material cost totaled NT$5,738 million during the quarter, representing 27% of total net revenues; compared with NT$5,990 million and 27% of net revenues in the previous quarter.

- Depreciation, amortization and rental expenses totaled NT$3,976 million during the quarter, up 6% year-over-year and up 5% sequentially.

l Total operating expenses during 1Q07 were NT$2,226 million, including NT$689 million in R&D and NT$1,537 million in SG&A. Total operating expenses as a percentage of net revenues for the current quarter were 11%, up from 8% in 1Q06 and up from 10% in 4Q06.

l Operating profit for the quarter totaled NT$2,771 million, down from NT$4,223 million in the

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[1] All financial information presented in this press release is unaudited, consolidated and prepared in accordance with accounting principles generally accepted in the Republic of China, or ROC GAAP. Such financial information is generated internally by us, and has not been subjected to the same review and scrutiny, including internal auditing procedures and review by our independent auditors, to which we subject our audited consolidated financial statements, and may vary materially from the audited consolidated financial information for the same period. Any evaluation of the financial information presented in this press release should also take into account our published audited

consolidated financial statements and the notes to those statements. In addition, the financial information presented is not necessarily indicative of our results for any future period.

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Advanced Semiconductor Engineering, Inc.

previous quarter. Operating margin decreased from 19% in 4Q06 to 13% in 1Q07.

l In terms of non-operating items,

- Net interest expense was NT$354 million, up from NT$214 million a quarter ago, primarily due to a decrease in cash balance as a result of our acquisition of GAPT and investment in Power-ASE.

- Net exchange gain of NT$19 million was mainly attributable to the exchange gain in U.S. dollar-based assets due to the appreciation of the US dollar against the New Taiwan dollar, and the exchange gain from the appreciation of the Renminbi against the U.S. dollar.
- Gain on long-term investment of NT$76 million was primarily related to investment income of NT$99 million from USI, and partially offset by investment loss from Hung Ching Construction.
- Other non-operating expenses of NT$242 million were primarily related to loss from the sale of our investment in Taiwan Fixed Network Co., Ltd., inventory provision adjustment and other miscellaneous expenses. Together with other non-operating expenses, total non-operating expenses for the quarter were NT$501 million, compared to NT$602 million for 1Q06 and NT$185 million for 4Q06.

l Income before tax was NT$2,270 million for 1Q07, compared with NT$4,038 million in the previous quarter. We recorded an income tax expense of NT$320 million during the quarter. Minority interest adjustment was NT$289 million for 1Q07.
l In 1Q07, net income was NT$1,661 million, compared to net income of NT$3,182 million for 1Q06 and NT$2,734 million for 4Q06.
l Our total number of shares (excluding treasury stock) outstanding at the end of the quarter was 4,445,582,581. Our diluted EPS for 1Q07 was NT$0.36, or US$0.055 per ADS, based on 4,706,551,294 weighted average number of shares outstanding during the first quarter.

LIQUIDITY AND CAPITAL RESOURCES

l As of March 31, 2007, our cash and other financial assets totaled NT$26,712 million, up from NT$26,634 million on December 31, 2006.
l Capital expenditures in 1Q07 totaled US$76 million, of which US$33 million was for IC packaging, US$43 million was for testing, and US$0.1 million was for interconnect materials.
l As of March 31, 2007, we had total bank debts of NT$41,620 million, up from NT$37,897 million as of December 31, 2006. The increase in bank debts was primary attributed to our acquisition of GAPT and the drawn down of bank debt by Power-ASE. Total bank debts consisted of NT$5,477 million of revolving working capital loans, NT$2,603 million of current portion of long-term debts, NT$1,375 million of current portion of bonds payable, NT$23,957 million of long-term debts and NT$8,208 million of long-term bonds payable. Total unused credit lines were NT$49,681 million.
l Current ratio as of March 31, 2007 was 1.72, compared to 1.74 as of December 31, 2006 and net debt to equity ratio was 0.19 as of March 31, 2007.
l Total number of employees was 28,069 as of March 31, 2007.

BUSINESS REVIEW

IC Packaging Services[2]

l Net revenues generated from our IC packaging operations were NT$16,283 million during

2 IC packaging services include module assembly services.

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Advanced Semiconductor Engineering, Inc.

the quarter, down by NT$3,023 million or 16% year-over-year and down by NT$903 million or 5% sequentially. On a sequential basis, the decrease in packaging net revenue was primarily due to volume decrease.

- Net revenues from advanced substrate and leadframe-based packaging accounted for 83% of total IC packaging net revenues during the quarter, up by one percentage point from the previous quarter.
- Gross margin for our IC packaging operations was 21%, relatively unchanged year-over-year and down by 4 percentage points sequentially.
- Capital expenditure for our IC packaging operations amounted to US$33 million during the quarter, of which US$32 million was for wirebonding packaging capacity, and US$1 million was for wafer bumping and flip chip packaging equipment.
- As of March 31, 2007, there were 7,050 wirebonders in operations. 541 wirebonders were added, of which 539 were from our acquisition of GAPT. 17 wirebonders were disposed of during the quarter.
- Net revenues from flip chip packages and wafer bumping services accounted for 9% of total packaging net revenues, down by three percentage points from the previous quarter.

Testing Services

- Net revenues generated from our testing operations were NT$4,324 million, down by NT$799 million or 16% year-over-year and down by NT$473 million or 10% sequentially. Testing ASP remained relatively unchanged compared to 4Q06. The decrease in testing net revenues was primarily due to volume decrease.
  - Final testing contributed 78% to total testing net revenues, up by one percentage point from the previous quarter. Wafer sort contributed 17% to total testing net revenues, down by one percentage point from the previous quarter. Engineering testing contributed 5% to total testing net revenues, relatively unchanged from the previous quarter.
- Depreciation, amortization and rental expense associated with testing operation amounted to NT$1,573 million, down from NT$1,616 million in 1Q06 and up from NT$1,556 million in 4Q06.
- In 1Q07, gross margin for our testing operations was 29%, down by ten percentage points year-over-year and down by seven percentage points sequentially. The sequential decrease in gross margin was primary due to the decrease of sales.
  - Capital spending on our testing operations amounted to US$43 million during the quarter.
- As of March 31, 2007, there were 1,365 testers in operations. 98 testers were added and 38 testers were disposed of during the quarter. The added 98 testers consist of 55 testers from our acquisition of GAPT, 28 testers from consignment, and 15 testers from purchase and lease.

Substrate Operations

- PBGA substrate manufactured by ASE amounted NT$1,716 million for the quarter, down by NT$116 million or 6% from a year-ago quarter, and down by NT$153 million or 8% from the previous quarter. Of the total output of NT$1,716 million, NT$486 million was from sales to external customers.
- Gross margin for substrate operations was 18% during the quarter, down by eight percentage points compared with a year-ago quarter, and down by six percentage points compared with previous quarter.
- In 1Q07, the Company's internal substrate manufacturing operations supplied 43% (by value) of our total substrate requirements.
  - As of March 31, 2007, the Company's PBGA capacity was at 48 million units per month.

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Advanced Semiconductor Engineering, Inc.

Power-ASE

- Net revenues from our joint venture with Powerchip totaled NT$530 million. Gross profit and operating profit was NT$204 million and NT$180 million, respectively.
  - Capital investment made to this joint venture totaled US$44 million in the first quarter of 2007.

Customers

- Our five largest customers together accounted for approximately 27% of our total net revenues in 1Q07, down from 29% in 1Q06 and unchanged from 27% in 4Q06. No single customer accounted for more than 10% of our total net revenues.
- Our top 10 customers contributed 42% of our total net revenues during the quarter, down from 46% in 1Q06 and down from 43% in 4Q06.
  - Our customers that are integrated device manufacturers, or IDMs, accounted for 41% of our total net revenues in 1Q07, compared to 42% in 1Q06 and 47% in 4Q06.

About ASE, Inc.

ASE, Inc. is the world's largest independent provider of IC packaging services and, together with its subsidiary ASE Test Limited (Nasdaq: ASTSF), the world's largest independent provider of IC testing services, including front-end engineering testing, wafer probing and final testing services. ASE, Inc.'s international customer base of more than 200 customers includes such leading names as ATI Technologies Inc., CSR plc, Freescale Semiconductor, Inc., IBM Corporation, NVIDIA Corporation, Koninklijke Philips Electronics N.V., Qualcomm Incorporated, RF Micro Devices Inc., STMicroelectronics N.V. and VIA Technologies, Inc. With advanced technological capabilities and a global presence spanning Taiwan, Korea, Japan, Singapore, Malaysia and the United States, ASE, Inc. has established a reputation for reliable, high quality products and services. For more information, visit our website at http://www.aseglobal.com.

Safe Harbor Notice

This press release contains "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. Although these forward-looking statements, which may include statements regarding our future results of operations, financial condition or business prospects, are based on our own information and information from other sources we believe to be reliable, you should not place undue reliance on these forward-looking statements, which apply only as of the date of this press release. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “plan” and similar expressions, as relate to us, are intended to identify these forward-looking statements in this press release. Our actual results of operations, financial condition or business prospects may differ materially from those expressed or implied in these forward-looking statements for a variety of reasons, including risks associated with cyclicality and market conditions in the semiconductor industry; demand for the outsourced semiconductor packaging and testing services we offer and for such outsourced services generally; the highly competitive semiconductor industry; our ability to introduce new packaging, interconnect materials and testing technologies in order to remain competitive; our ability to successfully integrate pending and future mergers and acquisitions; international business activities; our business strategy; general economic and political conditions; possible disruptions in commercial activities caused by natural or human-induced disasters; our future expansion plans and capital expenditures; the strained relationship between the Republic of China and the People’s Republic of China; fluctuations in foreign currency exchange rates; and other factors. For a discussion of these risks and other factors, please see the documents we file from time to time with the Securities and Exchange Commission, including our 2005 Annual Report on Form 20-F filed on June 19, 2006.

Supplemental Financial Information

Consolidated Operations

Amounts in NT$ Millions	1Q/07	4Q/06	1Q/06
Net Revenues Revenues by End Application	21,093	22,574	24,837
Communication	45%	39%	34%
Computer	21%	24%	28%
Automotive and Consumers	32%	37%	37%
Others	2%	0%	1%
Revenues by Region			
North America	51%	54%	53%
Europe	12%	13%	11%
Taiwan	19%	18%	22%
Japan	10%	10%	9%
Other Asia	8%	5%	5%

IC Packaging Services

Amounts in NT$ Millions	1Q/07	4Q/06	1Q/06
Net Revenues Revenues by Packaging Type	16,283	17,186	19,306
Advanced substrate & leadframe based	83%	82%	82%
Traditional leadframe based	5%	5%	5%
Module assembly	8%	8%	8%
Others	4%	5%	5%
Capacity			
CapEx (US$ Millions) *	33	33	25
Number of Wirebonders	7,050	6,526	6,326
Wafer Bumping 8” (pcs/month)	87,000	80,000	70,000
Wafer Bumping 12” (pcs/month)	16,000	15,000	15,000

Testing Services

Amounts in NT$ Millions	1Q/07	4Q/06	1Q/06									
Net Revenues Revenues by Testing Type	4,324	4,797	5,123									
Final test	78%	77%	77%									
Wafer sort	17%	18%	19%									
Engineering test	5%	5%	4%									
Capacity												
CapEx (US$ Millions) *	43	33	14									
Number of Testers	1,365			$	-			$	-			
OPERATING EXPENSES												
General and administrative expenses			137,709				91,657				820,468	
Research and development			38,529				27,419				224,745	
Depreciation and amortization			356				89				1,844	

TOTAL OPERATING EXPENSES			176,594				119,165				1,047,057
LOSS FROM OPERATIONS BEFORE OTHER EXPENSES			(176,594	)			(119,165	)			(1,047,057	)
TOTAL OTHER EXPENSES											
Interest expense			-				-				(3,347	)
LOSS BEFORE PROVISION FOR INCOME TAXES			(176,594	)			(119,165	)			(1,050,404	)
Provision for income taxes			-				-				-
NET LOSS		$	(176,594	)		$	(119,165	)		$	(1,050,404	)
BASIC AND DILUTED LOSS PER SHARE		$	(0.00	)		$	(0.00	)			
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING											
BASIC AND DILUTED			126,369,000				113,526,600				

The accompanying notes are an integral part of these financial statements

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

	Preferred stock		Common stock		Additional Paid-in Capital	Deficit Accumulated during the Development Stage	Total
	Shares	Amount	Shares	Amount			
Balance at June 30, 2010	-	$ -	126,369,000	$ 126,368	$ 1,165,861	$ (873,810)	$ 418,419
Net loss for the three months ended September 30, 2010 (unaudited)	-	-	-	-	-	(176,594)	(176,594)
Balance at September 30, 2010 (unaudited)	-	$ -	126,369,000	$ 126,368	$ 1,165,861	$ (1,050,404)	$ 241,825

The accompanying notes are an integral part of these financial statements

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

	For the Three Months Ended		From Inception on February 18, 2009 through
	September 30, 2010	September 30, 2009	September 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(176,594)	$(119,165)	$(1,050,404)
Adjustment to reconcile net loss to net cash used in operating activities			
Depreciation & amortization expense	356	88	1,844
Common stock issued for services	-	-	152,080
Change in Assets and Liabilities:			
(Increase) Decrease in:			
Prepaid expenses	5,000	(1,688)	(15,021)
Deposits	-	(1,687)	(1,688)
Increase (Decrease) in:			
Accounts payable	12,552	34,195	24,862
Accrued expenses	(8,649)	17,932	16,162
NET CASH USED IN OPERATING ACTIVITIES	(167,335)	(70,325)	(872,165)
NET CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets	-	(1,468)	(3,211)
Purchase of intangible assets	-	-	(20,042)
NET CASH USED IN INVESTING ACTIVITIES	-	(1,468)	(23,253)
NET CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from note payable, related party	-	95,000	154,553
Payment of notes payable, related party	-	-	(154,553)
Proceeds from issuance of common stock	-	-	1,140,149
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	95,000	1,140,149
NET INCREASE (DECREASE) IN CASH	(167,335)	23,207	244,731

CASH, BEGINNING OF PERIOD	412,066	3,657	-
CASH, END OF PERIOD	$244,731	$26,864	$244,731
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Interest paid	$556	$-	$3,347
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, 2010

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, 2010 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, 2010.

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. 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, 2010, had no revenues. A development stage activity as 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.

HYPERSOLAR, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. No shares for employee options or warrants were 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, 2010, 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, 2010, and no pronouncements were adopted during the period.

3. CAPITAL STOCK

During the three months ended September 30, 2010, the Company issued no shares of common stock.

4. 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.

Revenue Recognition

Revenue on product sales is recognized when persuasive evidence of an arrangement exists, such as when a purchase order or contract is received from the customer, the selling price is fixed, title to the goods has changed and there is a reasonable assurance of collection of the sales proceeds. We obtain written purchase authorizations from our customers for a specified amount of product at a specified price and consider delivery to have occurred at the time of shipment. Revenue is recognized at shipment and we record a reserve for estimated sales returns, which is reflected as a reduction of revenue at the time of revenue recognition.

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, 2010, and no pronouncements were adopted during the period.

Liquidity and Capital Resources

As of September 30, 2010, we had $218,728 of working capital as compared to a working capital of $394,966 as of June 30, 2010. This decrease of $(176,238) was due primarily to a decrease in equity funding.

Cash flow used in operating activities was $(167,335) for the three months ended September 30, 2010 and $(70,325) for the prior period September 30, 2009. The increase in cash used by operating activities was primarily due to the cost of research and development, public relations, and professional fees. The Company is in its development stage and has had no revenues.

Cash used in investing activities was $0 for the three months ended September 30, 2010 and $1,468 for the prior period September 30, 2009. In the current period no fixed assets were purchased.

Cash provided from financing activities during the three months ended September 30, 2010 was $0 and $95,000 for the prior period September 30, 2009. During the current period, the Company did not receive proceeds from outside sources to meet its operating needs as compared to the prior period.

Our financial statements as of September 30, 2010 have been prepared under the assumption that we will continue as a going concern from inception (February 18, 2009) through September 30, 2010. Our independent registered public accounting firm have issued their report dated September 4, 2010 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 will fund our operations for the next eight months as we 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 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 convertible 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 twelve 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.

This prototype will be used for demonstration purposes only and is not meant for commercial deployment. We are currently underway in the development of this demonstration prototype.

Operating Expenses

Operating expenses for the three months ended September 30, 2010 were $176,594 and $119,165 for the prior period September 30, 2009. The net change in operating expenses consisted primarily of the net change in professional fees, salaries, and research and development.

Net Loss

For the three months ended September 30, 2010, our net loss was $(176,594) and $(119,165) for the prior period September 30, 2009. The change in net loss was related primarily to operating expenses for research and development, salaries and professional fees. 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 9, 2010.

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

None.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Reserved

This item was removed and reserved pursuant to SEC Release No. 33-9089A issued on February 23, 2010.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

Exhibit No.	Description
3.1	Articles of Incorporation of HyperSolar, Inc. filed with the Nevada Secretary of State on February 18, 2009. (incorporated by reference to the Company's registration on Form S-1 filed with the Securities and Exchange Commission on February 5, 2010)
3.2	Articles of Amendment of Articles of Incorporation of HyperSolar, Inc. filed with the Nevada Secretary of State on September 11, 2009. (incorporated by reference to the Company's registration on Form S-1 filed with the Securities and Exchange Commission on February 5, 2010)
3.4	Bylaws of HyperSolar, Inc. (incorporated by reference to the Company's registration on Form S-1 filed with the Securities and Exchange Commission on February 5, 2010)
5.1	Opinion of Sichenzia Ross Friedman Ference LLP. (Incorporated by reference to the Company's registration on Form S-1 filed with the Securities and Exchange Commission on March 25, 2010)
10.1	Form of Subscription Agreement dated as of September 21, 2010. (incorporated by reference to the Company's registration on Form S-1 filed with the Securities and Exchange Commission on February 5, 2010)
10.2	Form of Subscription Agreement dated as of April 10, 2009 (Incorporated by reference to the Company's registration on Form S-1 filed with the Securities and Exchange Commission on March 25, 2010)
10.3	Form of Subscription Agreement dated as of April 17, 2009 (Incorporated by reference to the Company's registration on Form S-1 filed with the Securities and Exchange Commission on March 25, 2010)
10.4	Offer of Employment to Timothy Young dated August 13, 2009 (Incorporated by reference to the Company's registration on Form S-1 filed with the Securities and Exchange Commission on March 25, 2010)
10.5	Offer of Employment to Dr. Ronald Petkie dated August 13, 2009 (Incorporated by reference to the Company's registration on Form S-1 filed with the Securities and Exchange Commission on March 25, 2010)
10.6	Consulting Agreement between Hypersolar, Inc. and Dr. Ronald Petkie dated as of March 9, 2009 (Incorporated by reference to the Company's registration on Form S-1 filed with the Securities and Exchange Commission on March 25, 2010)
10.7	

	Consulting Agreement between Hypersolar, Inc. and Nadir Dagli dated as of March 1, 2009 (Incorporated by reference to the Company's registration on Form S-1 filed with the Securities and Exchange Commission on March 25, 2010)
10.8	Invention Transfer dated as of June 10, 2009 (Incorporated by reference to the Company's registration on Form S-1 filed with the Securities and Exchange Commission on March 25, 2010)
10.9	Form of Promissory Note issued during the period commencing June 30, 2009 through October 15, 2009 (Incorporated by reference to the Company's registration on Form S-1 filed with the Securities and Exchange Commission on March 25, 2010)
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.

* Filed herewith

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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 9, 2010	By:	/s/ Timothy Young
		Chief Executive Officer and Acting Chief Financial Officer (Principal Executive Officer and Principal Financial and Accounting Officer)