ADVANCED DRAINAGE SYSTEMS, INC.
Form SC 13G
February 17, 2015

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

SCHEDULE 13G
Under the Securities Exchange Act of 1934
(Amendment No. __)*

Advanced Drainage Systems, Inc.

(Name of Issuer)

Common Stock $0.01 par value per share

(Title of Class of Securities)

00790R104

(CUSIP Number)

December 31, 2014

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

[ ] Rule 13d-1(b)
[ ] Rule 13d-1(c)
[X] Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

13G

CUSIP No. 00790R104 Page 2

1	NAME OF REPORTING PERSONS ASP ADS Investco, LLC (See Item 2(a))		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) o (b) x		
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5	SOLE VOTING POWER 0 (See Item 4)	
	6	SHARED VOTING POWER 7,546,908 (See Item 4)	
	7	SOLE DISPOSITIVE POWER 0 (See Item 4)	
	8	SHARED DISPOSITIVE POWER 7,546,908 (See Item 4)	
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 7,546,908 (See Item 4)		
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions)	o	
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 14.3% (See Item 4)		
12	TYPE OF REPORTING PERSON (See Instructions) OO		

13G

CUSIP No. 00790R104 Page 3

1	NAME OF REPORTING PERSONS American Securities Partners V, L.P. (See Item 2(a))		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) o (b) x		
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		5	SOLE VOTING POWER 0 (See Item 4)
		6	SHARED VOTING POWER 7,546,908 (See Item 4)
		7	SOLE DISPOSITIVE POWER 0 (See Item 4)
		8	SHARED DISPOSITIVE POWER 7,546,908 (See Item 4)
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 7,546,908 (See Item 4)		
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions) o		
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 14.3% (See Item 4)		
12	TYPE OF REPORTING PERSON (See Instructions) PN		

13G

CUSIP No. 00790R104 | Page 4

1	NAME OF REPORTING PERSONS American Securities Partners V(B), L.P. (See Item 2(a))		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) o (b) x		
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		5	SOLE VOTING POWER 0 (See Item 4)
		6	SHARED VOTING POWER 7,546,908 (See Item 4)
		7	SOLE DISPOSITIVE POWER 0 (See Item 4)
		8	SHARED DISPOSITIVE POWER 7,546,908 (See Item 4)
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 7,546,908 (See Item 4)		
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions) o		
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 14.3% (See Item 4)		
12	TYPE OF REPORTING PERSON (See Instructions) PN		

13G

CUSIP No. 00790R104 Page 5

1	NAME OF REPORTING PERSONS American Securities Partners V(C), L.P. (See Item 2(a))		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) o (b) x		
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		5	SOLE VOTING POWER 0 (See Item 4)
		6	SHARED VOTING POWER 7,546,908 (See Item 4)
		7	SOLE DISPOSITIVE POWER 0 (See Item 4)
		8	SHARED DISPOSITIVE POWER 7,546,908 (See Item 4)
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 7,546,908 (See Item 4)		
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions) o		
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 14.3% (See Item 4)		
12	TYPE OF REPORTING PERSON (See Instructions) PN		

13G

CUSIP No. 00790R104 Page 6

1	NAME OF REPORTING PERSONS American Securities Associates V, LLC (See Item 2(a))		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) o (b) x		
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5	SOLE VOTING POWER 0 (See Item 4)	
	6	SHARED VOTING POWER 7,546,908 (See Item 4)	
	7	SOLE DISPOSITIVE POWER 0 (See Item 4)	
	8	SHARED DISPOSITIVE POWER 7,546,908 (See Item 4)	
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 7,546,908 (See Item 4)		
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions)	o	
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 14.3% (See Item 4)		
12	TYPE OF REPORTING PERSON (See Instructions) OO		

13G

CUSIP No. 00790R104 Page 7

1	NAME OF REPORTING PERSONS American Securities LLC (See Item 2(a))		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) o (b) x		
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		5	SOLE VOTING POWER 0 (See Item 4)
		6	SHARED VOTING POWER 7,546,908 (See Item 4)
		7	SOLE DISPOSITIVE POWER 0 (See Item 4)
		8	SHARED DISPOSITIVE POWER 7,546,908 (See Item 4)
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 7,546,908 (See Item 4)		
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (See Instructions) o		
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 14.3% (See Item 4)		
12	TYPE OF REPORTING PERSON (See Instructions) OO; IA		

Item 1(a). Name of Issuer:

Advanced Drainage Systems, Inc. (the "Issuer")

Item 1(b). Address of Issuer's Principal Executive Offices:

4640 Trueman Boulevard

Hilliard, Ohio 43026

Item 2(a). Name of Person Filing:

This statement is filed by (i) ASP ADS Investco, LLC ("ASPADS"), (ii) American Securities Partners V, L.P. ("ASP V"), (iii) American Securities Partners V(B), L.P. ("ASP V(B)"), (iv) American Securities Partners V(C), L.P. ("ASP V(C)" and, with ASP V and ASP V(B), the "Sponsors"), the owners of membership interests in ASPADS, (v) American Securities Associates V, LLC ("GP"), the general partner of each Sponsor, and (vi) American Securities LLC (the "Advisor"), which provides investment advisory services to each Sponsor and the GP (each a "Reporting Person" and collectively, the "Reporting Persons").

An agreement among the Reporting Persons that this Schedule 13G is filed on behalf of each of them is attached hereto as Exhibit I.

Item 2(b). Address of Principal Business Office or, if None, Residence:

The principal business office of each of the Reporting Persons is c/o American Securities LLC, 299 Park Avenue, 34th Floor, New York, NY 10171.

Item 2(c). Citizenship:

Each of ASPADS, the GP and the Advisor is a Delaware limited liability company. Each of the Sponsors is a Delaware limited partnership.

Item 2(d). Title and Class of Securities:

Common Stock, $0.01 par value per share, of the Issuer (the "Common Stock")

Item 2(e). CUSIP Number:

00790R104

Item 3. If This Statement is Filed Pursuant to Rule 13d-1(b) or 13d-2(b) or (c), Check Whether the Person Filing is a:

(a) [ ] Broker or dealer registered under Section 15 of the Exchange Act

(b) [ ] Bank as defined in Section 3(a)(6) of the Exchange Act

(c) [ ] Insurance company as defined in Section 3(a)(19) of the Exchange Act

(d) [ ] Investment company registered under Section 8 of the Investment Company Act

(e) [ ] An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E)

(f) [ ] An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F)

ng company or control persocounting, which contemplates continuity of operations, realization of assets and liabilities and commitment
e accompanying financial statements do not reflect any adjustments that might result if the Company is unable to continue as a going co
ate revenue, and has negative cash flows from operations, which raise substantial doubt about the Company's ability to continue as a go
ompany to continue as a going concern and appropriateness of using the going concern basis is dependent upon, among other things, ad
Company has obtained funds from its shareholders during the period ended September 30, 2014. Management believes this funding will
unding from new investors. Management believes the existing shareholders and the prospective new investors will provide the addition
obligations as they become due, and will allow the development of its core business. There is no assurance that the Company will be a
pital.

RY OF SIGNIFICANT ACCOUNTING POLICIES

of significant accounting policies of HyperSolar, Inc. is presented to assist in understanding the Company's financial statements. The fi
sentations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to
pted in the United States of America and have been consistently applied in the preparation of the financial statements.

gnition

recognizes revenue when services are performed, and at the time of shipment of products, provided that evidence of an arrangement exi
d to the customer, fees are fixed or determinable, and collection of the related receivable is reasonably assured. To date, the Company h

Equivalent

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

es

n of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assur
ed in the accompanying financial statements. Significant estimates made in preparing these financial statements include the estimate of
ts, and the deferred tax valuation allowance. Actual results could differ from those estimates.

Financial Instruments

out fair value of financial instruments, requires disclosure of the fair value information, whether or not recognized in the balance sheet, t value. As of September 30, 2014, the amounts reported for cash, accrued interest and other expenses, notes payables, and derivative lia ecause of their short maturities.

SC Topic 820 as of January 1, 2008 for financial instruments measured as fair value on a recurring basis. ASC Topic 820 defines fair va measuring fair value in accordance with accounting principles generally accepted in the United States and expands disclosures about fa

R, INC.

ONDENSED FINANCIAL STATEMENTS - UNAUDITED

30, 2014

RY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

efined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participa
ate. ASC Topic 820 established a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. The hierarchy
djusted quoted prices in active markets for identical assets or liabilities (level 1measurements) and the lowest priority to unobservable in
. These tiers include:

ed as observable inputs such as quoted prices for identical instruments in active markets;
ed as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar i
oted prices for identical or similar instruments in markets that are not active; and
ed as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as v
n techniques in which one or more significant inputs or significant value drivers are unobservable.

rtain financial instruments at fair value on a recurring basis. Assets and liabilities measured at fair value on a recurring basis are as follo

	Total	(Level 1)	(Level 2)	(Level 3)
	$-	$ -	$ -	$-
easured at fair value	$-	$ -	$ -	$-
bility	5,914,220	-	-	5,914,220
s measured at fair value	$5,914,220	$ -	$ -	$5,914,220

is a reconciliation of the derivative liability for which Level 3 inputs were used in determining the approximate fair value:

ance as of July 1, 2014	$8,667,274
derivative liabilities issued	652,187
notes payable	(514,656)
e in fair value of derivative liability	(2,890,585)
e as of June 30, 2015	$5,914,220

Calculations

dictates the calculation of basic earnings per share and diluted earnings per share. Basic earnings per share are computed by dividing in
holders by the weighted-average number of common shares available. Diluted earnings per share is computed similar to basic earnings p
or is increased to include the number of additional common shares that would have been outstanding if the potential common shares had
common shares were dilutive. No shares for the convertible notes were used in the calculation of the loss per share as they were all anti-
uted loss per share is the same as the basic loss per share for the period ended September 30, 2014, as the inclusion of any potential shar
fect due to the Company generating a loss. As of September 30, 2014, 250,000 options and 329,574,354 in shares issuable from convert
this calculation.

uses the liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequenc
ments carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. T
sets and liabilities is based on provisions of applicable tax law. The measurement of deferred tax assets is reduced, if necessary, by a val
mount of tax benefits that, based on available evidence, is not expected to be realized.

mpensation

yment applies to transactions in which an entity exchanges its equity instruments for goods or services and also applies to liabilities an
es that are to follow a fair value of those equity instruments. The Company will be required to follow a fair value approach using an opt
ck Scholes option valuation model, at the date of a stock option grant. The deferred compensation calculated under the fair value metho
the respective vesting period of the stock option.

R, INC.

ONDENSED FINANCIAL STATEMENTS - UNAUDITED

30, 2014

RY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently issued pronouncements

Management reviewed accounting pronouncements issued during the year ended June 30, 2014, and adopted the following pronoun

2014, the Company adopted the amendment to ASU 2014-15 on *Presentation of Financial Statements Going Concern (Subtopic 205-4*
idance to reduce diversity in the timing and content of footnote disclosures. The amendment requires management to assess the Compa
oing concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. The Company has to
bt, which has to be evaluated every reporting period including interim periods. Management has to provide principles for considering th
sclose when substantial doubt is alleviated as well as when it is not alleviated. The Company is required to assess managements plan fo
ial statements are issued (or available to be issued). The amendment is effective for annual periods ending after December 15, 2016. Ea
Company does not believe the accounting standards currently adopted will have a material effect on the accompanying condensed finan

TOCK

e months ended September 30, 2014, the Company issued 19,214,090 shares of common stock upon conversion of $30,000 in principal
t.

4. STOCK OPTIONS

er 30, 2014, 250,000 non-qualified stock options common stock to a contractor were outstanding. Each option shall be exercisable to th
or otherwise, as the respective agreements may provide. Notwithstanding any other provisions of the Option agreement, each Option ex
Option agreement, which date shall not be later than the fifth (5^{th}) anniversary from the grant date of the options. The stock options are
a period of five years from the date of grant at an exercise price $0.04 per share.

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

	Number of Options	Weighted average exercise price
beginning of period	250,000	$ 0.04
	-	-
	-	-
ired	-	-
end of period	250,000	$ 0.04
the end of period	250,000	$ 0.04
rage fair value of options granted during the period		$ -

TIBLE PROMISSORY NOTES

3, the Company entered into a securities purchase agreement for the sale of a 10% convertible promissory note entered into for the exti n the aggregate principal amount of $127,841. The lender converted $85,500 of the note leaving a remaining balance of $42,341 as of S vertible into shares of common stock of the Company at a price equal to the lesser of $0.009 or 50% of the lowest trade price after the e n November 5, 2013, and was extended for six months to May 5, 2014. On May 9, 2014, the note was extended to May 9, 2015.

013, the Company received funds of $15,000 in consideration for issuance of a securities purchase agreement entered into for the sale c e in the aggregate principal amount of up to $100,000. The Company received additional advances in the aggregate amount of $85,000 of $100,000. The notes are convertible into shares of common stock of the Company at a price equal to a variable conversion price of th fty percent (50%) of the lowest trading price after the effective date of each respective advance or c) the lowest conversion price offered any financing occurring before or after the date of each respective advance. The note matured, and each advance was extended for anot 2014, the note was extended to January 9, 2015.

R, INC.

ONDENSED FINANCIAL STATEMENTS - UNAUDITED

30, 2014

TIBLE PROMISSORY NOTES (Continued)

16, 2013, the Company received funds of $26,000 in consideration for issuance of a securities purchase agreement entered into for the s
missory note in the aggregate principal amount of up to $100,000. The Company received additional advances in the amount of $74,00
00.The note is convertible into shares of common stock of the Company at a price equal to a variable conversion price of the lesser of $0
0%) of the lowest trading price after the effective date of each respective advance. The note matured on May 16, 2014, and was extende
recorded amortization of debt discount, which was recognized as interest expense in the amount of $6,437 during the three months ende

014, the Company received funds of $30,000 in consideration for issuance of a securities purchase agreement entered into for the sale o
e in the aggregate principal amount of up to $100,000. On April 15, 2014, the lender and borrower agreed to amend the note to increase
Company received additional advances in the amount of $120,000 for an aggregate sum of $150,000. The note is convertible into share
t a price equal to a variable conversion price of the lesser of $0.0048 per share or fifty percent (50%) of the lowest trading price after th
advance. The note matured six (6) months from the effective dates of each respective advance. On September 4, 2014, the note was ex
ompany recorded amortization of debt discount, which was recognized as interest expense in the amount of $68,222 during the three mo
2014.

14, the Company received funds of $50,000 in consideration for issuance of a securities purchase agreement entered into for the sale of
e in the aggregate principal amount of up to $100,000. The Company received additional advances in the amount of $150,000 for an ag
note is convertible into shares of common stock of the Company at a price equal to a variable conversion price of the lesser of $0.0048
of the lowest trading price after the effective date of each respective advance. The note matures six (6) months from the effective dates
Company recorded amortization of debt discount, which was recognized as interest expense in the amount of $37,808 during the three m
2014.

5 provides guidance applicable to convertible debt issued by the Company in instances where the number into which the debt can be co
vhen a convertible debt converts at a discount to market based on the stock price on the date of conversion, ASC Topic 815 requires tha
ion of the convertible debt be bifurcated from the host contract and recorded at their fair value. In accounting for derivatives under acco
rded a liability representing the estimated present value of the conversion feature considering the historic volatility of the Company's st
e imputed interest associated with the embedded derivative. The discount is amortized over the life of the convertible debt, and the deri
ically according to stock price fluctuations.

TIVE LIABILITIES

e notes issued and described in Note 5 do not have fixed settlement provisions because their conversion prices are not fixed. The conver
ized as derivative liabilities to be re-measured at the end of every reporting period with the change in value reported in the statement of
utstanding fair value of the derivative liabilities amounted to $8,667,274.

e months ended September 30, 2014, approximately $30,000 convertible notes were converted. As a result of the conversion of these no
n of $514,656 due to the extinguishment of the corresponding derivative liability. Furthermore, during the three months ended Septembe
gnized a net gain of $2,853,054 to account for the change in fair value of the derivative liabilities. At September 30, 2014, the fair value
5,914,220.

determining the fair market value of the derivative liability for the embedded conversion, the Company used Black Scholes option valu
umptions used in the Black Scholes valuation of the derivative are as follows:

est rate	0.03% - 0.13%
y factor	133.84% - 318.08%
rage expected option life	3 months - 1 year
dend yield	None

UENT EVENTS

Ianagement evaluated subsequent events as of the date of the financial statements pursuant to ASC TOPIC 855, and reported the follow

er 27, 2014, the Company entered into an agreement for research consulting with a contract period from November 1, 2014 through Oct

agement's Discussion and Analysis of Financial Condition and Results of Operations

tement Regarding Forward-Looking Statements

n in this discussion may contain forward-looking statements. These forward-looking statements involve risks and uncertainties, includi capital needs, business strategy and expectations. Any statements that are not of historical fact may be deemed to be forward-looking st g statements involve substantial risks and uncertainties. In some cases you can identify forward-looking statements by terminology suc pect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," or "continue", the negative of the terms or other orward-looking statements in this Report may also include references to anticipated sales volume and product margins, efforts aimed a ting relationships with customers, other business development activities, anticipated financial performance, business prospects and sim ts may differ materially from the anticipated results or other expectations expressed in the forward-looking statements. In evaluating th r various factors, including the risks included from time to time in other reports or registration statements filed by the Company with th Exchange Commission. These factors may cause our actual results to differ materially from any forward-looking statements. We discla these statements, or disclose any difference between actual results and those reflected in these statements.

text otherwise requires, references in this Form 10-Q to "we," "us," "our," or the "Company" refer to Hypersolar, Inc.

photosynthetic process that plants use to harness the power of the sun to create energy molecules, we are developing a novel solar-pow otosynthesis to separate hydrogen from water. On November 15, 2011, we filed a patent application to protect the intellectual property enewable hydrogen and natural gas using sunlight, water, and carbon dioxide.

e lightest and abundant chemical element, constituting roughly 75% of the universe's chemical elemental mass (Palmer, D. (13 Septemb ".NASA). However, naturally occurring elemental hydrogen is relatively rare on earth and hydrogen gas is most often produced using f nainly from the steam reforming of natural gas and is usually employed near its production site, with the two largest uses being crude oi) and ammonia production, mostly for the fertilizer market. We are developing what we believe is a cleaner and greener way to produc

he many industrial uses of hydrogen, one of the most intriguing uses, is for fuel cells for transportation. A fuel cell is a device that conv fuel into electricity through a chemical reaction with oxygen or another oxidizing agent, using hydrogen as the most common fuel. In 20 announced plans to develop hydrogen vehicles including Toyota, Honda, Hyundai, and BMW. Source:

iveclean.ca.gov/Search_and_Explore/Technologies_and_Fuel_Types/Hydrogen_Fuel_Cell.php)

14 the first Hyundai fuel cell vehicles (FCEV's) rolled onto U.S. soil marking the first delivery of mass-produced fuel cell hydrogen ve
e:
undainews.com/us/en-us/Media/PressRelease.aspx?mediaid=40852&title=hyundais-first-mass-produced-tucson-fuel-cell-cuvs-arrive-in

centered on developing a low-cost and submersible hydrogen production particle that can split water molecules under the sun, emulatin
sis. Each particle is a complete hydrogen generator that contains a novel high voltage solar cell bonded to chemical catalysts by a propr
re striving to reach an open circuit voltage (OCV) goal of 1.5 to effectively split the water molecules to produce hydrogen with our tech
nnounced that we had reached open circuit voltage of 1.2. We are currently working on increasing the OCV to 1.5 and building a larger
r technology.

rtunity

a number of applications from chemical processing, petroleum recovery and refining, metal production and fabrication, aerospace, and f
st demand for hydrogen are petroleum refineries for hydrocracking and ammonia production for fertilizer. Transportation fuel is an eme
an enormous potential in the future. We believe fuel cell technology will be the major growth driver of hydrogen in the future as many
such as Honda, Hyundai, BMW and Toyota bring hydrogen powered cars to market.

uction is a large and growing industry Market size of global hydrogen production was estimated to be 53 million metric tons in 2010, o
hant hydrogen and rest with captive production (Markets and Markets Research; Hydrogen Generation Market). With decreasing sulfu
ring crude oil quality and rising demand of hydrogen operated fuel cell applications, global hydrogen production volume is forecasted to
rate of 5.6% from 2011 to 2016. The hydrogen production market in terms of value was estimated to be approximately $82 billion in 20
rch; Hydrogen Generation Market)

<u>unting Policies</u>

and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in a
nciples generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates a
rted amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basi
uding those related to impairment of property, plant and equipment, intangible assets, deferred tax assets and fair value computation usi
model. We base our estimates on historical experience and on various other assumptions, such as the trading value of our common stock
ash flows, that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the
lities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or co
r estimates, including those for the above-described items, are reasonable.

gnition

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

tes

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

Financial Instruments

s cash, accounts payable, accrued interest, and note payable are stated at cost which approximates fair value due to the short-term nature

pted Accounting Pronouncements

dopted a recently issued accounting pronouncement during the three months ended September 30, 2014, as disclosed in the Notes to the
; report.

Capital Resources

er 30, 2014, we had a working capital deficit of $6,622,177 as compared to $9,262,871 as of June 30, 2014. This decrease in working ca
s due primarily to an increase in accounts payable, accrued expenses, and convertible notes, offset with a decrease in non-cash derivativ

l in operating activities was $115,795 for the three months ended September 30, 2014 and $73,040 for the prior period ended Septembe
n used by operating activities was primarily due to a decrease in prepaid expenses, and accrued expenses, with an increase in accounts p
ility, and amortization of debt discount. The Company is in its development stage and has had no revenues.

vesting activities for the three months ended September 30, 2014 was $2,000, compared to $2,020 for the prior period ended Septembe

by financing activities during the three months ended September 30, 2014 was $100,000 and $82,500 for the prior period ended Septem
ncing activities was due to equity financing with convertible notes through private placements during the current period.

tatements as of September 30, 2014 have been prepared under the assumption that we will continue as a going concern for the year ende
Consultants LLP, in their report dated September 23, 2014, on our financial statements, included an explanatory paragraph expressing su
nue as a going concern without additional capital becoming available. Our ability to continue as a going concern ultimately is dependen
it which is dependent upon our ability to obtain additional equity or debt financing, attain further operating efficiencies and, ultimately,
e financial statements do not include any adjustments that might result from the outcome of this uncertainty.

r current cash balance as of October 31, 2014 will fund our operations for the next sixty days as we continue working to develop a proto
a result of our inability to raise sufficient financing in our third fiscal quarter, our CEO and certain vendors have not been fully compe
re seeking further financing through the sales of our securities. The sale of additional equity securities could result in additional dilution
of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would res
o assurance that financing will be available in amounts and on terms acceptable to us, or at all. To the extent that additional capital is ra
nvertible debt securities, the issuance of these securities could result in further dilution to our stockholders. If we are unable to obtain ad
ced to curtail our operations.

ERATION AND FINANCING NEEDS

eration within the next twelve months is to further research, develop, and protect our technology.

consultants and academic institutions, we are working towards our goal of open-circuit voltage of 1.5 volts in our self–contained particl
will be looking to add further expertise to our team in the near future.

work on our self-contained particles, we will be working on the system side of the H2 Generator and production unit and larger prototy

needs consist of general operating expenses, sponsorship agreements with academic institutions, patent prosecution and IP protection an

erations for the Three Months Ended September 30, 2014 compared to Three Months Ended September 30, 2013.

penses

enses for the three months ended September 30, 2014 were $117,313 and $152,321 for the prior period ended September 30, 2014. The
nses consisted primarily of the research and development cost. The decrease was due to a reduction in cost associated with outside cons

/(Expenses)

nd (expenses) for the three months ended September 30, 2014 were $2,726,568 and $(1,508,185) for the prior period ended September
er income and (expenses) was the result of an increase in net gain on change in fair value of the derivative instruments of $4,253,067, an
4,789, and interest expense of $3,525. The net increase in other income and (expenses) was due to the gain in change in derivative liabil

onths ended September 30, 2014, our net gain was $2,609,255 as compared to a net loss of $(1,660,506) for the prior period September
gain was related primarily to other income and (expenses) due to non-cash cost associated with the derivatives. The Company has not g

ntitative and Qualitative Disclosures About Market Risk

trols and Procedures

Disclosure Controls and Procedures

f the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our chief executive r 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 eva er and chief financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to b we file or submit under the Exchange Act is: (i) recorded, processed, summarized and reported, within the time periods specified in the (ii) accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate ding required disclosure.

ternal Control Over Financial Reporting

hange to our internal control over financial reporting that occurred during our last fiscal quarter that has materially affected, or is reason ct, our internal control over financial reporting.

HER INFORMATION

l Proceedings

sks Factors

aterial changes from the risk factors previously disclosed in our annual report on Form 10-K/A filed with the SEC on September 21, 20

egistered Sales of Equity Securities and Use of Proceeds

e months ended September 30, 2014 the Company issued 19,214,090 shares of common stock upon conversion of promissory notes in t
cipal, plus $3,625 in accrued interest.

relied on an exemption pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended in connection with the sale and issuances o
described above.

aults Upon Senior Securities

e Safety Disclosures

er Information

ibits

Description

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

Certification of the Chief Executive Officer and Chief Financial Officer of Hypersolar, Inc., furnished pursuant to Section 1350 of Cha
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

XBRL Instance Document

XBRL Taxonomy Extension Schema Document

XBRL Taxonomy Extension Calculation Linkbase

XBRL Taxonomy Extension Definition Linkbase

XBRL Taxonomy Extension Labels Linkbase

XBRL Taxonomy Extension Presentation Linkbase

ith

requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the unders

HYPERSOLAR, INC.

2014 By:/s/ Timothy Young
Timothy Young
Chief Executive Officer and Acting Chief Financial Officer (Principal Executive Officer and Principal Financial and Accounting Officer)