

BLUE SPHERE CORP.  
Form 10-Q  
February 22, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF  
1934

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE EXCHANGE ACT

For the transition period from **October 1, 2015** to **December 31, 2015**

Commission File No. **000-55127**

**Blue Sphere Corporation**

(Exact name of registrant as specified in its  
charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**98-0550257**

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

**301 McCullough Drive, 4th Floor, Charlotte,  
North Carolina 28262**

(Address of principal executive offices) (zip code)

**704-909-2806**

(Registrant's telephone number, including area  
code)

**Former Fiscal Year: September 30**

(Former name, former address and former fiscal  
year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes    No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes    No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer    (Do not check if a smaller reporting company)    Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes    No

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date: As of February 19, 2016, there were 182,857,675 shares of common stock, par value \$0.001 per share, outstanding.

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Our unaudited financial statements are stated in United States dollars (U.S. \$) and are prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP"). In this transition report on Form 10-Q (this "Transition Report"), unless otherwise specified, all dollar amounts are expressed in United States Dollars.

As used in this Transition Report, the terms "we", "us", "our", "Blue Sphere" or the "Company" mean Blue Sphere Corporation and its wholly-owned subsidiaries, unless the context clearly requires otherwise.

## EXPLANATORY NOTES

### Explanatory Note 1

On May 18, 2015, Blue Sphere filed a Current Report on Form 8-K reporting that it had entered into an agreement to acquire one hundred percent (100%) of the share capital of four entities, Agricerere S.r.l., Agrielektra S.r.l., Agrisorse S.r.l. and Gefa S.r.l (collectively, the "SVPs"), that own and operate anaerobic digestion biogas plants for the production of electricity located in Italy ("May Form 8-K"). The closing of the acquisition of the SPVs was subject to certain conditions precedent, as more fully described in the May Form 8-K, but which included obtaining consent from the acquired parties' creditor to the acquisition and the resulting change of control, and securing a mezzanine loan facility. Upon attainment of the conditions precedent, the Company closed the acquisition of the SVPs on December 14, 2015, and filed a Current Report on Form 8-K reporting that it had consummated the acquisition of the SPVs on December 17, 2015.

The Company then commenced work with its independent registered public accounting firms, UHY Bompani ("UHY") and Brightman Almagor Zohar & Co., a member firm of Deloitte Touche Tohmatsu Limited ("Deloitte"), to complete the review of the SPVs' financial statements and to consolidate those financial statements with the Company's financial statements (including the seventeen (17) day period following the acquisition of the SVPs), respectively. UHY has been unable to complete its review of the SPVs' financial statements due to its inability to timely verify certain items in the financial statements that the Company believes will have no material effect on the financial statements, and as a result, Deloitte was unable to complete its review of the Company's interim financial statements for the transition period from October 1, 2015 to December 31, 2015.

As a consequence of the above, the accompanying interim financial statements and notes thereto contained in this Transition Report have not been reviewed in accordance with Statement of Auditing Standards No. 100 ("SAS 100"), as required by Rule 10-01(d) of Regulation S-X promulgated under the Securities Act of 1934, as amended. The Company intends to file an amendment to this Transition Report to file interim financial statements for the transition period from October 1, 2015 to December 31, 2015 that have been reviewed in accordance with SAS 100 as required by Rule 10-01(d) as promptly as practicable.

***Explanatory Note 2***

On January 24, 2016, the Board of Directors of Blue Sphere approved a change to the Company's fiscal year end from September 30 to December 31. The registrant previously reported its change in fiscal year end on a Current Report on Form 8-K, dated January 26, 2016. As a result of this change, this Transition Report includes financial information for the three month transition period from October 1, 2015 to December 31, 2015. Prior to this Transition Report, the Company's Annual Reports on Form 10-K cover the fiscal year from October 1 to September 30.

**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS.**

BLUE SPHERE CORPORATION

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2015**

**IN U.S. DOLLARS**

**UNAUDITED**

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## BLUE SPHERE CORPORATION

## CONDENSED CONSOLIDATED BALANCE SHEETS

## AS OF DECEMBER 31, 2015 AND SEPTEMBER 30, 2015

(U.S. dollars in thousands except share and per share data)

	December 31, 2015 Unaudited	September 30, 2015 Audited
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	\$2,734	\$ 161
Trade account receivables	1,438	—
Other current assets	109	21
Total current assets	4,281	182
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation	18,186	31
OTHER LONG TERM ASSETS	5,829	—
INVESTMENTS IN JOINT VENTURES	7,434	4,952
INTANGIBLE ASSETS	2,829	—
Total assets	\$38,559	\$5,165
Liabilities and Stockholders' Equity (Deficiency)		
CURRENT LIABILITIES:		
Current maturities of long term loan	\$6,215	\$32
Accounts payables	1,021	58
Other accounts payable	1,140	681
Debentures, notes and loans	4,830	519
Deferred revenues from joint ventures	8,916	6,434
Total current liabilities	22,122	7,724
LONG TERM BANK LOANS	17,286	135
DEBENTURES	2,476	—
WARRANTS TO ISSUE SHARES	348	—
STOCKHOLDERS' EQUITY (DEFICIENCY):		
Common shares of \$0.001 par value each:		
Authorized: 1,750,000,000 shares at December 31, 2015 and September 30, 2015. Issued and outstanding: 180,502,443 shares and 167,952,595 shares at December 31, 2015 and September 30, 2015, respectively	1,256	1,244

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Proceeds on account of shares	20	20
Treasury shares	(28 )	(28 )
Additional paid-in capital	39,764	39,474
Accumulated deficit	(44,685)	(43,404)
Total Stockholders' Equity (Deficiency)	(3,673 )	(2,694 )
Total liabilities and Stockholders' Equity (Deficiency)	\$38,559	\$5,165

**The accompanying notes are an integral part of the consolidated financial statements.**

BLUE SPHERE CORPORATION

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

**FOR THE THREE-MONTHS ENDED DECEMBER 31, 2015 AND 2014**

(U.S. dollars in thousands except share and per share data)

	<b>Three months ended December 31</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	
REVENUES	\$397	—
COST OF REVENUES	(306)	) —
GROSS INCOME	91	—
OPERATING EXPENSES		
General and administrative expenses	1,007	\$827
Other losses	—	19
OPERATING LOSS	916	846
FINANCIAL EXPENSES, net	365	468
NET LOSS FOR THE PERIOD	\$1,281	\$1,314
Net loss per common share - basic and diluted	\$(0.007)	) \$(0.026)
Weighted average number of common shares outstanding during the period - basic and diluted	177,155,607	51,031,823

**The accompanying notes are an integral part of the consolidated financial statements.**



## BLUE SPHERE CORPORATION

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

## FOR THE PERIOD OF THREE-MONTHS ENDED DECEMBER 31, 2015 AND 2014

(U.S. dollars in thousands, except share and per share data)

	Common Stock, \$0.001 Par Value		Proceeds on account of Treasury		Additional paid-in Capital		Total Stockholders' Equity (deficiency)
	Shares	Amount	Shares	Shares		deficit	
BALANCE AT SEPTEMBER 30, 2015 (audited)	167,952,595	\$ 1,244	\$ 20	(28 )	\$ 39,474	\$ (43,404 )	\$ (2,694 )
CHANGES DURING THE PERIOD OF THREE MONTHS ENDED DECEMBER 31, 2015 (unaudited):							
Share based compensation					65		65
Issuance of shares for services	2,435,000	2			47		49
Issuance of common stock, net of issuance costs	10,114,848	10			178		188
Net loss for the period						(1,281 )	1,281 )
BALANCE AT DECEMBER 31, 2015 (Unaudited)	180,502,443	\$ 1,256	\$ 20	(28 )	\$ 39,764	\$ (44,685 )	\$ (3,673 )

	Common Stock, \$0.001 Par Value		Proceeds on account of Treasury		Additional paid-in Capital		Total Stockholders' Equity (deficiency)
	Shares	Amount	Shares	Shares		deficit	
BALANCE AT SEPTEMBER 30, 2014 (audited)	50,109,036	\$ 1,126	\$ 20	—	\$ 35,106	\$ (35,942 )	\$ 310

CHANGES DURING THE PERIOD  
OF THREE  
MONTHS ENDED DECEMBER 31,  
2014 (unaudited):

Share based compensation					97		97
Issuance of shares for services	544,041	1			93		94
Issuance of common stock in respect of issuance of convertible notes	471,967	—			44		44
Issuance of convertible debentures containing a beneficial conversion feature					322		322
Net loss for the period						(1,314 )	1,314 ))
BALANCE AT DECEMBER 31, 2014 (Unaudited)	51,125,044	\$ 1,127	\$ 20	—	\$ 35,662	\$ (37,256 )	\$ (447 )

**The accompanying notes are an integral part of the consolidated financial statements.**

## BLUE SPHERE CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

## FOR THE THREE-MONTHS ENDED DECEMBER 31, 2015 AND 2014

(U.S. dollars in thousands)

	Three months ended December 31	
	2015	2014
	(Unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss for the period	\$(1,281)	\$(1,314)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Share based compensation expenses	65	97
Depreciation	65	1
Amortization of intangible assets	227	—
Equity in losses on nonconsolidated subsidiary	—	19
Interest and amortization of discount of convertible notes and loans	14	422
Changes in Warrants to issue shares	140	—
Issuance of shares for services	49	94
Decrease in inventory	2,617	—
Decrease in trade account receivables	893	
Increase in other current assets	(11 )	(21 )
Decrease in accounts payables	(3,206)	(5 )
Decrease in other account payables	(918 )	(3 )
Decrease in other long term assets	586	—
Net cash used in operating activities	(760 )	(710 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions of subsidiaries, net of cash acquired (Annex A)	(2,275)	—
Investment in nonconsolidated subsidiary	—	(24 )
Purchase of property and equipment	(43 )	(36 )
Net cash used in investing activities	(2,318)	(60 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Loans received	6,050	37
Loans repaid	(399 )	(7 )
Proceeds from issuance of convertible debenture	—	560
Net cash provided by financing activities	5,651	590
 <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 2,573	 (180 )
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	 161	 298

CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$2,734	\$118
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NON-CASH TRANSACTION:

Loans excised into equity	188	—
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BLUE SPHERE CORPORATION

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE THREE-MONTHS ENDED DECEMBER 31, 2015 AND 2014**

(U.S. dollars in thousands)

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Cash paid during the period for:

Interest	\$67	\$—
Income taxes	\$—	\$—

Three months  
ended  
December 31  
2015      2014  
(Unaudited)

**ANNEX A**

Acquisition of subsidiaries, net of cash acquired :

Working capital, excluding cash and cash equivalents	\$2,488	\$ —
Property and equipment	(18,177)	—
Long term liabilities	22,885	—
Other long term assets	(6,415 )	—
Intangible assets	(3,056 )	—
	(2,275 )	

**The accompanying notes are an integral part of the consolidated financial statement**

**BLUE SPHERE CORPORATION**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**NOTE 1 - BASIS OF PRESENTATION:**

The accompanying unaudited condensed consolidated financial statements have been prepared on the same basis as the audited annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position and results of operations of Blue Sphere Corporation (the "Company"). These condensed consolidated financial statements and notes thereto are unaudited and should be read in conjunction with the Company's audited financial statements included in its Annual Report on Form 10-K for the year ended September 30, 2015, as filed with the U.S. Securities and Exchange Commission. The results of operations for the three months ended December 31, 2015 are not necessarily indicative of results that could be expected for the entire fiscal year.

For the reasons more fully described in the Explanatory Note to this Transition Report, our independent registered public account firm was unable to timely complete its review of the Company's interim financial statements for the transition period from October 1, 2015 to December 31, 2015.

**NOTE 2 – GENERAL:**

Blue Sphere Corp. ("the Company"), together with its wholly-owned subsidiaries, Eastern Sphere Ltd. ("Eastern"), Binosphere Inc ("Binosphere"), Johnstonsphere LLC ("Johnstonsphere"), and Sustainable Energy Ltd. ("SEL"), is focused on project integration in the clean energy production and waste to energy markets.

The Company was incorporated in the state of Nevada on July 17, 2007 and was originally in the business of developing and promoting automotive internet sites. On February 17, 2010, the Company conducted a reverse merger, name change and forward split of its common stock, and in March 2010 current management took over operations, at which point the Company changed its business focus to become a project integrator in the clean energy production and waste to energy markets.

As of December 31, 2015, Johnstonsphere had not commenced operations.

On May 12, 2015 the Company formed Bluesphere Pavia (formerly called Bluesphere Italy S.r.l.). Italy S.r.l, a subsidiary of Eastern in order to acquire certain biogas plants located in Italy (see note 3 below).

The Company is currently focusing on (i) 10 projects related to the construction, acquisition or development of biogas facilities and (ii) a recently licensed fast charging battery technology.

## BLUE SPHERE CORPORATION

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

#### NOTE 3 – INVESTMENT IN BLUE SPHERE PAVIA:

In September 2014, the Company entered into a letter of intent to acquire Kinexia S.p.A.'s right, interest and title in, to and under four biogas projects in the Vigevano area in Italy. The letter of intent also provides for the purchase of three additional biogas projects in the Emilia-Romagna and Lazio regions upon the same principals set forth in the letter of intent and subject to definitive agreements.

On December 14, 2015, and pursuant to a Share Purchase Agreement, dated May 14, 2015 (the "Share Purchase Agreement"), by and among the Company's indirect wholly-owned subsidiary, Bluesphere Pavia. (formerly called Bluesphere Italy S.r.l.). ("Bluesphere Pavia"), and Volteo Energie S.p.A., Agriholding S.r.l., and Overland S.r.l. (collectively, the "Sellers"), Bluesphere Pavia completed the acquisitions of one hundred percent (100%) of the share capital of Agricerere S.r.l., Agrielektra S.r.l., Agrisorse S.r.l. and Gefa S.r.l. (each, an "SPV" and collectively, the "SPVs") from the Sellers. Each SPV owns and operates an anaerobic digestion biogas plant in Italy for the production and sale of electricity to Gestore dei Servizi Energetici GSE, S.p.A., a state-owned company, pursuant to a power purchase agreement. Pursuant to the Italy Projects Agreement, the Company also issued a corporate guarantee to the Sellers, whereby the Company will secure the obligations of Bluesphere Pavia under the Italy Projects Agreement.

Pursuant to the Share Purchase Agreement, the Company paid an aggregate purchase price of \$5,646,628 (€5,200,000) (the "Purchase Price"), subject to certain post-closing adjustments, to acquire the share capital of the SPVs. Fifty percent (50%) of the Purchase Price, adjusted for certain closing costs, was paid at closing, and the balance is due to the Sellers on the third anniversary of the closing date. The portion of the Purchase Price paid at closing was primarily financed by a loan of \$3,149,081 (€2,900,000) pursuant to a Long Term Mezzanine Loan Agreement, dated August 18, 2015 (the "Loan Agreement"), by and among the Company, its wholly-owned subsidiary, Eastern Sphere Ltd. ("Eastern Sphere"), Eastern Sphere's wholly-owned subsidiary, Bluesphere Italy, and Helios Italy Bio-Gas 1 L.P.

On August 18, 2015, the Company and two of its wholly-owned subsidiaries, Eastern Sphere Ltd. ("Eastern Sphere") and BlueSphere Italy, entered into a Long Term Mezzanine Loan Agreement (the "Helios Loan Agreement") with Helios Italy Bio-Gas 1 L.P. ("Helios"). Under the Helios Loan Agreement, Helios will make up to \$5,646,628 (€5,000,000) available to Bluesphere Pavia (the "Helios Loan") to finance (a) ninety percent (90%) of the total required investment of the first four SVPs acquired, (b) eighty percent (80%) of the total required investment of up to three SVPs subsequently acquired, (c) certain broker fees incurred in connection with the acquisitions, and (d) any taxes associated with registration of an equity pledge agreement (as described below). Each financing of an SVP acquisition



will be subject to specified conditions precedent and will constitute a separate loan under the Helios Loan Agreement. Helios may, within 90 days of a closing, require repayment of ten percent (10%) of the relevant loan and broker fees. If no such repayment is required, Helios may reduce the amount of its commitment to finance the acquisitions of the three additional SVPs to seventy to eighty percent (70-80%) of the total required investment. Helios's commitment to provide any loan under the Helios Loan Agreement that is not utilized by June 30, 2016 will automatically cancel, unless extended in writing by Helios.

**BLUE SPHERE CORPORATION**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**NOTE 3 – INVESTMENT IN BLUE SPHERE PAVIA (continued):**

Subject to specified terms, representations and warranties, the Helios Loan Agreement provides that each loan thereunder will accrue interest at a rate of 14.5% per annum, paid quarterly. Helios will also be entitled to an annual operation fee, paid quarterly. The final payment for each loan will become due no later than the earlier of (a) thirteen and one half years from the date such loan was made available to Bluesphere Italy, and (b) the date that the Feed in Tariff license granted to the relevant SVP expires. Pursuant to the Helios Loan Agreement and an equity pledge agreement, Eastern Sphere pledged all its shares in Bluesphere Pavia to secure all loan amounts utilized under the Helios Loan Agreement.

The Company also entered into a no-interest bearing promissory note, dated December 8, 2015 (the “Palas Promissory Note”), with R.S. Palas Management Ltd. to finance a small portion of the Purchase Price. The Palas Promissory Note is for an amount of \$129,146 (€118,000) and is due and payable, without interest or premium, on December 31, 2015. The payee under the Palas Promissory Note, R.S. Palas Management Ltd., is an entity owned and controlled by Shlomi Palas, the Company’s President and Chief Executive Officer and a member of its Board of Directors.

In accordance with a Framework EBITDA Guarantee Agreement, dated July 17, 2015 (the “EBITDA Agreement”), between the Company and Austep S.p.A. (“Austep”), Austep will operate, maintain and supervise each biogas plant owned by the SPVs. In addition, Austep will guarantee a monthly aggregate EBITDA of \$204,147 (€188,000) from the four SPVs for the initial six months following the acquisition, and thereafter Austep will guarantee an annual aggregate EBITDA of \$4,082,946 (€3,760,000) from the four SPVs. Pursuant to the terms of the agreements with Austep, the Company will receive the guaranteed levels of EBITDA and Austep will receive any revenue in excess of these levels.

**BLUE SPHERE CORPORATION**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**NOTE 4 - INTERIM FINANCIAL STATEMENTS:**

The accompanying unaudited interim consolidated financial statements as of December 31, 2015 and for the three months then ended, have been prepared in accordance with accounting principles generally accepted in the United States relating to the preparation of financial statements for interim periods. Accordingly, they do not include all the information and footnotes required for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended December 31, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2016.

The September 30, 2015 Condensed Balance Sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. These financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended September 30, 2015.

**NOTE 5 – SIGNIFICANT ACCOUNTING POLICIES:**

The significant accounting policies applied in the annual financial statements of the Company as of September 30, 2015, are applied consistently in these financial statements except for the following:

***a. Business combinations and Goodwill***

The Company accounts for its business combinations using the purchase method of accounting. Under this method, the Company allocates the purchase price to tangible and intangible assets acquired and liabilities assumed based on estimated fair values at the date of acquisition, with the excess of the purchase price amount being allocated to goodwill.

Acquisition-related and integration costs associated to the business combination are expensed as incurred. Changes in estimates associated with future income tax assets after measurement period are recognized as income tax expense with prospective application to all business combinations regardless of the date of acquisition.

Goodwill for each reporting unit is assessed for impairment at least annually, or when an event or circumstance occurs that more likely than not reduces the fair value of a reporting unit below its carrying amount. An impairment charge is recorded when the carrying amount of the reporting unit exceeds its fair value and is determined as the difference between the goodwill's carrying amount and its implied fair value.

***b. Intangible Assets***

Intangible assets consist of allocated acquisition costs of power purchase agreements, which are amortized using the straight-line method over the 15 year terms of the agreements (see Note 3).

***c. Long-Lived Assets***

When events or changes in circumstances indicate that the carrying amount of long-lived assets, such as capital assets and intangible assets, may not be recoverable, undiscounted estimated cash flows are projected over their remaining term and compared to the carrying amount. To the extent that such projections indicate that future undiscounted cash flows are not sufficient to recover the carrying amounts of related assets, a charge is recorded to reduce the carrying amount to the projected future discounted cash flows.

BLUE SPHERE CORPORATION

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**NOTE 5 – SIGNIFICANT ACCOUNTING POLICIES (continued):**

*d. Revenue recognition*

Revenues related to the sale of electricity are recorded based upon output delivered and capacity provided at rates specified under relevant contract terms.

**NOTE 6 - GOING CONCERN:**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As of December 31, 2015, the Company had approximately \$2,734 thousand in cash and cash equivalents, approximately \$17,841 thousand in negative working capital, a stockholders' deficit of approximately \$3,673 thousand and an accumulated deficit of approximately \$44,685 thousand. Management anticipates their business will require substantial additional investments that have not yet been secured. The Company anticipates that the existing cash will not be sufficient to continue its operations through the next 12 months. Management is continuing in the process of fund raising in the private equity markets as the Company will need to finance future activities and general and administrative expenses. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Company's ability to continue as a going concern is dependent upon raising capital from financing transactions and revenue from operations.

These financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to obtain additional financing as may be required and ultimately to attain profitability.

**NOTE 7 - NEWLY ISSUED ACCOUNTING PRONOUNCEMENTS:**

No new accounting standards have been adopted since the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2015 was filed.

NOTE 8 – COMMON SHARES:

On October 21, 2015 the Company issued 1,630,000 shares of common stock of the Company for the aggregate purchase price of \$48,000. Such issuance was made pursuant to the April 15, 2015, Subscription Agreement with Dr. Borenstein Ltd. (the "April Borenstein Subscription Agreement").

On October 21, 2015 the Company issued 8,484,848 shares of common stock of the Company for the aggregate purchase price of \$140,000. Such issuance was made pursuant to the April 15, 2015, Subscription Agreement with Dr. Borenstein Ltd. (the "April Borenstein Subscription Agreement").

On October 26, 2015 and December 2, 2015, the Company issued 2,060,000 shares of common stock to a consultant in respect of his investor relations and public relations services consulting agreements with the Company. The Company has estimated the fair value of such shares, and recorded an expense of \$40,579.

On October 12, 2015, the Company issued 375,000 shares of common stock to a consultant in respect of its general advisory services and strategic planning consulting agreement with the Company. The Company has estimated the fair value of such shares, and recorded an expense of \$8,438.

BLUE SPHERE CORPORATION

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**NOTE 9 – DEBENTURES AND NOTES:**

**Senior Debentures Offering**

Beginning in November 2015, the Company conducted an offering (the “Offering”) of up to \$3,000,000 of the Company's Senior Debentures (the “Debentures”) and Warrants (the “Warrants”, together with the “Debentures”, the “Securities”) to purchase up to 8,000,000 shares of common stock of the Company, par value \$0.001 per share, in proportion pro rata to each Subscriber’s subscription amount relative to the total Offering amount, with 50% of the shares exercisable at a price per share of \$0.05 and the other 50% of the shares exercisable at price per share of \$0.075.

The Debentures bear interest at 11%, paid quarterly, and mature in two years. The Debentures are secured by a pledge agreement between the Company and each investor, whereby the Company pledged as collateral up to 49% of its shares of common stock in Eastern Sphere, Ltd., our wholly-owned subsidiary (the “Pledge Agreement”). The Pledge Agreement further provides that the Company's obligations under the Debentures rank senior to all other indebtedness of Blue Sphere Corporation, but are subordinate to all indebtedness and liabilities of its subsidiaries and project-level operating entities. The Warrants are exercisable for 5 years from the date of issuance, with 50% exercisable at \$0.05 per share and 50% exercisable at \$0.075 per share

The warrants were accounted for as derivative liabilities. The Company has estimated the fair value of such warrants at a value of \$208,597 at the date of issuance using the Black-Scholes option pricing model using the following assumptions:

	%
Dividend yield	0
Risk-free interest rate	1.74%
Expected term (years)	5
Volatility	202%

The Securities were offered pursuant to subscription agreements with each investor (the “Subscription Agreement”). Pursuant to the Subscription Agreements, the investors in the Offering shall have the right to collectively designate one observer or member to the Company’s Board of Directors.

On December 23, 2015, the Company completed the closing of the Offering and entered into Subscription Agreements with investors representing aggregate gross proceeds to the Company of \$3,000,000.

The Company engaged Maxim Group LLC (“Maxim”) to assist in the Offering. Pursuant to the terms of an engagement letter between Maxim and the Company, Maxim received commissions equal to 7% of the gross proceeds raised by Maxim in the Offering, as well as common stock purchase warrants for a number of securities equal to 8% of the total

amount of securities sold in the Offering, at a price per share equal to 110% of the price of the securities paid by investors in the Offering.



BLUE SPHERE CORPORATION

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**NOTE 10 – SUBSEQUENT EVENTS:**

On January 26, 2016 the Company issued 1,000,000 shares of common stock of the Company to a consultant in consideration for financial consulting services.

In February 2016, the Company conducted an offering (the “Offering”) consisting of (a) up to USD \$1,925,000 of the Company's shares of common stock, par value \$0.001 per share (“Common Stock”), priced at the closing price for shares of Common Stock, as reported on the OTCQB Venture Marketplace, on the trading day prior to the closing of the Offering, and (b) 5-year warrants to purchase shares of Common Stock in an amount equal to 50% of the number of shares of Common Stock so purchased by the subscriber (the “Warrants”, together with the shares of Common Stock subscribed for, the “Securities”).

The Securities have been offered pursuant to subscription agreements with each investor (the “Subscription Agreement”). In addition to other customary provisions, each Subscription Agreement provides that the Company will use its reasonable commercial efforts to register all shares of Common Stock sold in the Offering, including all shares of Common Stock underlying the Warrants, within 60 days of the closing of the Offering. The Warrants are exercisable for 5 years from the date of issuance at \$0.10 per share, include an option by which the holder may exercise the Warrant by means of a cashless exercise, and include customary weighted-average price adjustment and anti-dilution terms.

On February 15, 2016, the Company completed the only closing of the Offering, representing aggregate gross proceeds to the Company of USD \$1,925,000. In connection with the closing, the Company and subscribers entered into (a) Subscription Agreements for, in the aggregate, 35,000,000 shares of Common Stock at \$0.055 per share, and (b) Warrants to purchase, in the aggregate, up to 17,500,000 shares of Common Stock at an exercise price of \$0.10 per share.

The Company engaged Maxim to assist in the Offering. Pursuant to the terms of an engagement letter between Maxim and the Company, Maxim received commissions equal to 7% of the gross proceeds raised by Maxim in the Offering, as well as common stock purchase warrants for a number of securities equal to 8% of the total amount of securities sold in the Offering, at a price per share equal to 110% of the price of the securities paid by investors in the Offering.



## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

You should read the following discussion and analysis in conjunction with our unaudited condensed consolidated financial statements and related notes contained in Part I, Item 1 of this Transition Report.

### **Note Regarding Forward-Looking Statements**

This report contains forward-looking statements. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “could” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks set out below, any of which may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks include, without limitation, (i) uncertainties regarding our ability to obtain adequate financing on a timely basis including financing for specific projects, (ii) the financial and operating performance of our projects, (iii) uncertainties regarding the market for and value of carbon credits, renewable energy credits and other environmental attributes, (iv) political and governmental risks associated with the countries in which we may operate, (v) unanticipated delays associated with project implementation including designing, constructing and equipping projects, as well as delays in obtaining required government permits and approvals, (vi) the development stage of our business and (vii) our lack of operating history.

This list is not an exhaustive list of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements.

Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date the statements are made and we undertake no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

### **Company Overview**

#### ***Summary of Current Operations***

We are an international Build, Own & Operate company (BOO) active around the world in the clean energy production and organics to energy markets. We aspire to become a key player in these global markets, working with enterprises with clean energy, organics to energy and related by-product potential to generate clean energy, soil amendments, compost and other by-products. We believe that these markets have tremendous potential insofar as there is a virtually endless supply of waste and organic material that can be used to generate power and valuable by-products. Not only is there a virtually endless supply of waste and organic material, but in most, if not all, cases, disposing of such waste and material in most parts of the world today is a costly problem with an

environmentally-damaging solution, such as landfilling. We seek to offer a cost-effective, environmentally-safe alternative.

We are currently focusing on (i) 10 projects related to the construction, acquisition or development of biogas facilities, for which we have signed definitive agreements, letters of intent or memoranda of understanding to own and implement such projects, as well as pipeline of similar projects in a less mature phase, and (ii) our fast charging battery technology.

We are evaluating, developing or operating, as applicable, the following projects:

*United States*

- Charlotte, NC Waste to Energy Anaerobic Digester 5.2 MW Plant
- Johnston, RI Waste to Energy Anaerobic Digester 3.2 MW Plant

*Italy*

- Soc. agr. AGRICERERE srl – Tromello (Pavia) 999 KW Plant
- Soc. agr. AGRIELEKTRA srl – Alagna (Pavia) 999 KW Plant
- Soc. agr. AGRISORSE srl - Garlasco (Pavia) 999 KW Plant
- Soc. agr. GEFA srl – Dorno (Pavia) 999 KW Plant
- Soc. agr. SAMMARTEIN srl – San Martino in Rio (Reggio Emilia) 999 KW Plant
- Soc. agr. ER srl – Aprilia (Latina) 999 KW Plant
- Soc. agr. BIOENERGIE SRL – Aprilia (Latina) 999 KW Plant

*Israel*

- Ramat Chovav Waste to Energy Anaerobic Digester 5.0 MW Plant

**Results of Operations – For the Three Months Ended December 31, 2015 Compared to the Three Months Ended December 31, 2014**

*General*

As from December 14, 2015, we consolidated our indirect wholly-owned subsidiary, Bluesphere Pavia. Bluesphere Pavia completed the acquisitions of one hundred percent (100%) of the share capital of Agricerere S.r.l., Agrielektra S.r.l., Agrisorse S.r.l. and Gefa S.r.l. (each, an “SPV” and collectively, the “SPVs”). Each SPV owns and operates an anaerobic digestion biogas plant in Italy for the production and sale of electricity to Gestore dei Servizi Energetici GSE, S.p.A., a state-owned company, pursuant to a power purchase agreement. Our results of operation and have been significantly affected by this transaction.

*Deferred Revenue*

\$1,481,900 of development fees and reimbursements for the North Carolina and Rhode Island projects are recorded as deferred revenue. Upon successful completion of the projects, this amount will be recorded as revenue.

*Revenues*

Revenues for the three-month period ended December 31, 2015 were \$397,000, as compared to \$0 for the three-month period ended December 31, 2014. The increase is attributable to the acquisition of our wholly-owned subsidiary, Bluesphere Pavia, and represents the revenues generated for the period of 16 days commencing December 15, 2015.

*Cost of Revenues*

Cost of Revenues for the three-month period ended December 31, 2015 were \$306,000, as compared to \$0 for the three-month period ended December 31, 2014. The increase is attributable to the acquisition of our wholly-owned subsidiary, Blueshpere Pavia, and represents the cost of revenues incurred in the period of 16 days commencing December 15, 2015.

### ***General and Administrative Expenses***

General and administrative expenses for the three-month period ended December 31, 2015 were \$1,007,000 as compared to \$827,000 for the three-month period ended December 31, 2014. The increase is mainly attributable to direct expenses related to the acquisition of our wholly-owned subsidiary, Blueshpere Pavia and general and administrative expenses of Blueshpere Pavia.

### ***Net Loss***

We incurred a net loss of \$1,281,000 for the three-month period ended December 31, 2015, as compared to a net loss of \$1,314,000 for the three-month period ended December 31, 2014. The decrease in net loss is mainly attributable to the results of operations of Blueshpere Pavia and the decrease in financial expenses, partially offset by the increase of our general and administrative expenses as detailed above.

### ***Inflation and Seasonality***

In management's opinion, our results of operations have not been materially affected by inflation or seasonality, and management does not expect that inflation risk or seasonality would cause material impact on our operations in the future.

### ***Critical Accounting Policies***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires our management to make assumptions, estimates and judgments that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. We consider our critical accounting policies to be those that require the more significant judgments and estimates in the preparation of financial statements. No new accounting standards have been adopted since the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2015 was filed. The significant accounting policies applied in the annual financial statements of the Company as of September 30, 2015 are applied consistently in these financial statements except, for the following:



**a. Business combinations and Goodwill**

The Company accounts for its business combinations using the purchase method of accounting. Under this method, the Company allocates the purchase price to tangible and intangible assets acquired and liabilities assumed based on estimated fair values at the date of acquisition, with the excess of the purchase price amount being allocated to goodwill.

Acquisition-related and integration costs associated to the business combination are expensed as incurred. Changes in estimates associated with future income tax assets after measurement period are recognized as income tax expense with prospective application to all business combinations regardless of the date of acquisition.

Goodwill for each reporting unit is assessed for impairment at least annually, or when an event or circumstance occurs that more likely than not reduces the fair value of a reporting unit below its carrying amount. An impairment charge is recorded when the carrying amount of the reporting unit exceeds its fair value and is determined as the difference between the goodwill's carrying amount and its implied fair value.

**b. Intangible Assets**

Intangible assets consist of allocated acquisition costs of power purchase agreements, which are amortized using the straight-line method over the 15 year terms of the agreements (see Note 3 to the Financial Statements).

**c. Long-Lived Assets**

When events or changes in circumstances indicate that the carrying amount of long-lived assets, such as capital assets and intangible assets, may not be recoverable, undiscounted estimated cash flows are projected over their remaining term and compared to the carrying amount. To the extent that such projections indicate that future undiscounted cash flows are not sufficient to recover the carrying amounts of related assets, a charge is recorded to reduce the carrying amount to the projected future discounted cash flows.

**d. Revenue recognition**

Revenues related to the sale of electricity are recorded based upon output delivered and capacity provided at rates specified under relevant contract terms.

**Liquidity and Capital Resources**



Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. Significant factors in the management of liquidity are funds generated by operations, levels of accounts receivable and accounts payable and capital expenditures.

As of December 31, 2015, we had cash of \$2,734,000, as compared to \$118,000 as of December 31, 2014. As of December 31, 2015, we had a working capital deficit of \$17,841,000 as compared to \$830,000 as of December 31, 2014. The increase in our working capital deficit is mainly attributable the increase in our deferred revenues from joint ventures in the amount of \$8,916,000 and the increase in our debentures, notes and loans in the amount of \$3,974,000.

Net cash used in operating activities was \$760,000 for the three month period ended December 31, 2015, as compared to \$710,000 for the three month period ended December 31, 2014.

Net cash flows used in investing activities was \$2,318,000 for the three month period ended December 31, 2015, as compared to net cash flows used in investing activity of \$60,000 for the three month period ended December 31, 2014. The increase in cash used in investing activities is due to our initial consolidation of our wholly-owned subsidiary, Bluesphere Pavia, the costs of its acquisitions, net of cash acquired in the amount of \$2,275,000.

Net cash flows provided by financing activities was approximately \$5,561,000 for the three month period ended December 31, 2015, as compared to approximately \$590,000 for the three month period ended December 31, 2014. The increase in cash provided by financing activities was mainly attributable to our \$3 million offering of senior debentures and warrants, as further described in our Form 8-K filed with the SEC on December 28, 2015, and loans received in connection with the acquisition of our wholly-owned subsidiary, Bluesphere Pavia, in the amount of \$3,149,000. In February 2016, we also conducted an offering of \$1,925,000 of our shares of common stock, together with warrants to purchase our common stock, in a private placement, as further described in our Form 8-K filed with the SEC on February 17, 2016. We have principally financed our operations through the sale of our common stock and the issuance of convertible debt.

### **Off-Balance Sheet Arrangements**

As at December 31, 2015, we had no off-balance sheet arrangements of any nature.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

As a smaller reporting company, we are not required to provide the information required by this item.

### **ITEM 4. CONTROLS AND PROCEDURES.**

#### ***Evaluation of Disclosure Controls and Procedures***

Our management is responsible for establishing and maintaining a system of disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) that is designed to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Pursuant to Rule 13a-15(b) under the Exchange Act, the Company carried out an evaluation with the participation of the Company's management, including the Company's Chief Executive Officer ("CEO") and the Company's Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures (as defined under Rule 13a-15 (e) under the Exchange Act) as of the three months ended December 31, 2015. Based upon that evaluation, the Company's CEO and CFO concluded that, as of the end of such periods, the Company's disclosure controls and procedures were not effective as of December 31, 2015, in ensuring that (i) information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) information required to be disclosed

by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management is in the process of determining how best to change our current system and implement a more effective system to insure that information required to be disclosed has been recorded, processed, summarized and reported accurately. Our management acknowledges the existence of this issue, and intends to develop procedures to address it to the extent possible given limitations in financial and manpower resources. While management is working on a plan, no assurance can be made at this point that the implementation of such controls and procedures will be completed in a timely manner, or that they will be adequate once implemented.

### ***Changes in Internal Controls***

Our management, with the participation of our CEO and CFO, performed an evaluation to determine whether any change in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during the three month period ended December 31, 2015. Based on that evaluation, our CEO and our CFO concluded that no change occurred in the Company's internal controls over financial reporting during the three month period ended December 31, 2015, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS.**

None.

### **ITEM 1A. RISK FACTORS.**

As a smaller reporting company, we are not required to provide the information required by this item.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

On October 21, 2015, we issued 1,630,000 and 8,484,848 shares of our common stock to Dr. Borenstein Ltd. in respect of subscription agreements entered into with Dr. Borenstein Ltd. on April 15, 2015 and June 12, 2015 for an aggregate purchase price of \$48,000 and \$140,000, respectively.

The transactions described above were exempt from registration under the Securities Act of 1933, as amended, as transactions not involving a public offering.

#### ***Issuer Purchases of Equity Securities***

On June 17, 2015, our Board approved a share repurchase program (the “Share Repurchase Program”). Under the Share Repurchase Program, we are authorized to repurchase up to \$500,000 worth of our common stock. We may purchase shares of our common stock on the open market or through privately negotiated transactions from time-to-time and in accordance with applicable laws, rules and regulations. We are not obligated to make any purchases, including at any specific time or in any particular situation. The Share Repurchase Program may be limited or terminated at any time

without prior notice.

Our share repurchase activity during the three months ended December 31, 2015 is presented in the table below.

<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Share Repurchase Program</b>
October 1 to October 31	0	—	0	\$ 471,672
November 1 to November 30	0	—	0	\$ 471,672
December 1 to December 31	0	—	0	\$ 471,672
Total:	0	—	0	\$ 471,672

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

### **ITEM 5. OTHER INFORMATION.**

None.



**ITEM 6. EXHIBITS.**

<b>No.</b>	<b>Description</b>
3.1	Amended and Restated Articles of Incorporation dated November 22, 2013 (1)
3.2	Amended and Restated Bylaws dated June 17, 2015 (2)
10.1	Orbit Energy Rhode Island LLC Membership Interest Purchase Agreement, dated April 8, 2015 (3)
10.2	Rhode Island Energy Partners LLC Development and Indemnification Agreement, dated April 8, 2015 (3)
10.3	Amended and Restated Rhode Island Energy Partners LLC Agreement, dated April 8, 2015 (3)
10.4	Orbit Energy Charlotte, LLC Letter Agreement dated January 29, 2015 (4)
10.5	Orbit Energy Charlotte, LLC Membership Interest Purchase Agreement, dated January 30, 2015 (5)
10.6	Concord Energy Partners, LLC Development and Indemnification Agreement, dated January 30, 2015 (4)
10.7	Amended and Restated Concord Energy Partners LLC Agreement, dated January 30, 2015 (4)
10.8	Ori Ackerman Loan Agreement, dated March 15, 2015 (6)
10.9*	Global Share and Options Incentive Enhancement Plan (2014) (6)
10.10	Share Purchase Agreement by and among Bluesphere Italy S.r.l. and Volteo Energie S.p.A., Agriholding S.r.l. and Overland S.r.l., dated May 14, 2015 (5)
10.11	Framework EBITDA Guarantee Agreement dated July 17, 2015 (5)
10.12	Long Term Mezzanine Loan Agreement by and among Blue Sphere Corporation, Eastern Sphere Ltd., Bluesphere Italy S.r.l., and Helios Italy Bio-Gas 1 L.P., dated August 18, 2015 (8)
10.13	Form of Subscription Agreement (9)
10.14	Form of Senior Debenture (9)
10.15	Form of Warrants (9)
10.16	Form of Pledge Agreement (9)
10.17	Securities Subscription Agreement (10)
10.18	Form of Warrant (10)
10.19*	Service Agreement between Blue Sphere Corporation and Shlomo Palas, dated October 15, 2015 (11)
10.20*	Service Agreement by and among Blue Sphere Corporation, JLS Advanced Investment Holdings Limited, and Roy Amitzur, dated October 15, 2015 (11)
10.21*	Advisory Agreement between Blue Sphere Corporation and Joshua Shoham, dated October 15, 2015 (11)
10.22	

	License Agreement between Blue Sphere Corporation and Nanyang Technological University, dated October 30, 2014 (11)
10.23	Founders Agreement between Blue Sphere Corporation and Prof. Chen Xiaodong, dated January 8, 2015 (11)
31.1	<u>Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer</u>
31.2	<u>Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer</u>
32.1	<u>Section 1350 Certification of Chief Executive Officer</u>
32.2	<u>Section 1350 Certification of Chief Financial Officer</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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- (1) Incorporated by reference to our current report on Form 8-K filed with the SEC on December 3, 2013.
- (2) Incorporated by reference to our current report on Form 8-K filed with the SEC on June 17, 2015.
- (3) Incorporated by reference to our current report on Form 8-K filed with the SEC on April 14, 2015.
- (4) Incorporated by reference to our current report on Form 8-K filed with the SEC on February 5, 2015.
- (5) Incorporated by reference to our quarterly report on Form 10-Q filed with the SEC on August 14, 2015.
- (6) Incorporated by reference to our quarterly report on Form 10-Q filed with the SEC on May 15, 2015.
- (7) Incorporated by reference to our current report on Form 8-K filed with the SEC on May 18, 2015.
- (8) Incorporated by reference to our current report on Form 8-K filed with the SEC on August 24, 2015.
- (9) Incorporated by reference to our current report on Form 8-K filed with the SEC on December 28, 2015.
- (10) Incorporated by reference to our current report on Form 8-K filed with the SEC on February 17, 2016.
- (11) Incorporated by reference to our annual report on Form 10-K filed with the SEC on January 13, 2016.

\* Indicates management contract or compensatory plan or arrangement.



## **SIGNATURES**

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

### **BLUE SPHERE CORPORATION**

By: /s/ Shlomi Palas

President, Chief Executive Officer, Secretary and Director  
(Principal Executive Officer)

Date: February 22, 2016

By: /s/ Shlomo Zakai

Chief Financial Officer and Treasurer  
(Principal Accounting Officer and Principal Financial Officer)

Date: February 22, 2016