

BLUE SPHERE CORP.  
Form 10-Q  
August 08, 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

For the quarterly period ended June 30, 2016

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. **000-55127**

**Blue Sphere Corporation**

(Exact name of registrant as specified in its  
charter)

**Nevada** **98-0550257**  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

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

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(Address of principal executive offices) (zip code)

**704-909-2806**

(Registrant's telephone number, including area code)

(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 August 1, 2016, there were 242,966,884 shares of common stock, par value \$0.001 per share, issued and outstanding.

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**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS.**

**BLUE SPHERE CORP.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF JUNE 30, 2016**

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**BLUE SPHERE CORP.****CONDENSED CONSOLIDATED BALANCE SHEETS**

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

|  | June 30,<br>2016 | September<br>30,<br>2015 |
|--|------------------|--------------------------|
|  | Unaudited        | Audited                  |
| Assets   |                  |                          |
| <b>CURRENT ASSETS:</b>   |                  |                          |
| Cash and cash equivalents  | \$1,280          | \$161                    |
| Trade account receivables  | 861              | —                        |
| Other current assets   | 525              | 21                       |
| Total current assets   | 2,666            | 182                      |
| <b>PROPERTY, PLANT AND EQUIPMENT</b> , net of accumulated depreciation   | 17,938           | 31                       |
| <b>OTHER LONG TERM ASSETS</b>  | 6,137            | —                        |
| <b>INVESTMENTS IN JOINT VENTURES</b>   | 8,927            | 4,952                    |
| <b>INTANGIBLE ASSETS</b>   | 3,967            | —                        |
| Total assets   | \$39,635         | \$5,165                  |
| Liabilities and Stockholders' Deficiency   |                  |                          |
| <b>CURRENT LIABILITIES:</b>  |                  |                          |
| Current maturities of long term loan   | \$1,711          | \$32                     |
| Accounts payables  | 3,475            | 58                       |
| Other accounts payable and liabilities   | 1,443            | 681                      |
| Debentures, notes and loans  | 84               | 519                      |
| Deferred revenues from joint ventures  | 10,409           | 6,434                    |
| Total current liabilities  | 17,122           | 7,724                    |
| <b>LONG TERM BANK LOANS</b>  | 18,888           | 135                      |
| <b>LONG TERM LOANS AND LIABILITIES</b>   | 6,855            | —                        |
| <b>DEBENTURES</b>  | 2,410            | —                        |
| <b>WARRANTS TO ISSUE SHARES</b>  | 2,647            | —                        |
| <b>STOCKHOLDERS' DEFICIENCY:</b>   |                  |                          |
| Common shares of \$0.001 par value each:   |                  |                          |
| Authorized: 1,750,000,000 shares at June 30, 2016 and September 30, 2015. Issued and outstanding: 243,051,884 shares and 167,952,595 shares at June 30, 2016 and September 30, | 1,318            | 1,244                    |

|  |          |          |
|--|----------|----------|
| 2015, respectively                             |          |          |
| Proceeds on account of shares                  | —        | 20       |
| Treasury shares                                | (28 )    | (28 )    |
| Accumulated other comprehensive income         | 46       | —        |
| Additional paid-in capital                     | 42,293   | 39,474   |
| Accumulated deficit                            | (51,916) | (43,404) |
| Total Stockholders' Deficiency                 | (8,287 ) | (2,694 ) |
| Total liabilities and Stockholders' Deficiency | \$39,635 | \$5,165  |

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

**BLUE SPHERE CORP.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

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

|   | <b>Six months ended</b> |                    | <b>Three months ended</b> |                    |
|---|-------------------------|--------------------|---------------------------|--------------------|
|   | <b>June 30</b>          |                    | <b>June 30</b>            |                    |
|   | <b>2016</b>             | <b>2015</b>        | <b>2016</b>               | <b>2015</b>        |
|   | <b>(Unaudited)</b>      | <b>(Unaudited)</b> | <b>(Unaudited)</b>        | <b>(Unaudited)</b> |
| <b>REVENUES</b>   | \$2,706                 | \$—                | \$1,303                   | \$—                |
| <b>COST OF REVENUES</b>   | (2,323 )                | —                  | (1,007 )                  | —                  |
| <b>GROSS INCOME</b>   | 383                     | —                  | 296                       | —                  |
| <b>OPERATING EXPENSES</b>   |                         |                    |                           |                    |
| General and administrative expenses   | 4,590                   | 3,450              | 2,809                     | 2,439              |
| Other income  | (102 )                  | (57 )              | —                         | (38 )              |
| <b>OPERATING LOSS</b>   | 4,105                   | 3,393              | 2,513                     | 2,401              |
| <b>FINANCIAL EXPENSES, net</b>  | 3,110                   | 1,551              | 1,131                     | 732                |
| <b>NET LOSS FOR THE PERIOD</b>  | \$7,215                 | \$4,944            | \$3,644                   | \$3,133            |
| <b>Net loss per common share - basic and diluted</b>  | \$ (0.035 )             | \$ (0.068 )        | \$ (0.017 )               | \$ (0.040 )        |
| <b>Weighted average number of common shares outstanding during the period - basic and diluted</b> | 210,663,024             | 72,482,628         | 225,772,114               | 79,543,760         |

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

**BLUE SPHERE CORP.**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

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

|  | Six months ended |             | Three months ended |             |
|--|------------------|-------------|--------------------|-------------|
|  | June 30          |             | June 30            |             |
|  | 2016             | 2015        | 2016               | 2015        |
|  | (Unaudited)      | (Unaudited) | (Unaudited)        | (Unaudited) |
| NET LOSS                                     | \$7,215          | \$ 4,944    | \$3,644            | \$ 3,133    |
| Other comprehensive income loss, net of tax: |                  |             |                    |             |
| Currency translation adjustments             | (46 )            | —           | (26 )              | —           |
| TOTAL COMPREHENSIVE LOSS                     | \$7,169          | \$ 4,944    | \$3,618            | \$ 3,133    |

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



**BLUE SPHERE CORP.**

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

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

|   | <b>Common Stock,<br/>\$0.001 Par Value</b> | Proceeds<br>on<br>account<br>of<br>Shares | <b>Treasury<br/>Shares</b> | Accumulated<br>other<br>comprehensive<br>income | <b>Additional<br/>paid-in<br/>Capital</b> | <b>Accumulated<br/>deficit</b> | <b>Total<br/>Stockholder'<br/>deficiency</b> |             |
|---|--|---|----------------------------|---|---|--------------------------------|--|-------------|
|   | Shares                                     | Amount                                    |                            |   |   |                                |  |             |
| BALANCE AT DECEMBER<br>31, 2015 (Unaudited)                                       | 180,502,443                                | \$ 1,256                                  | \$ 20                      | (28 )   | —   | \$ 39,764                      | \$ (44,701 )                                 | \$ (3,689 ) |
| CHANGES DURING THE<br>PERIOD OF SIX MONTHS<br>ENDED JUNE 30, 2016<br>(Unaudited): |  |   |                            |   |   |                                |  |             |
| Extinguish of liability upon<br>shares issuance                                   | 7,103,467                                  | 7   |                            |   | 627                                       |                                |  | 634         |
| Issuance of shares for services   | 3,500,000                                  | 4   |                            |   |   |                                |  |             |