

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

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
OF THE SECURITIES EXCHANGE ACT OF 1934

For the month of July 2015

ALON BLUE SQUARE ISRAEL LTD.
(translation of registrant's name into English)

Europark Yakum, France Building.
Yakum 60972 Israel
(Address of principal executive offices)

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

Form 20-F ☒ Form 40-F ☐

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

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

Contact:
Alon Blue Square Israel Ltd.
Elli Levinson-Sela, Adv,
General Counsel and Corporate Secretary
Telephone: 972-9-9618504
Fax: 972-9- 9618636
Email: elliils@alon-oil.co.il

**ALON BLUE SQUARE ANNOUNCES BOARD APPROVAL OF CREDITOR
ARRANGEMENT OF ITS SUBSIDIARY, MEGA RETAIL,
AUTHORIZES MANAGEMENT TO EXPLORE A CONTEMPLATED SALE OF ITS
HOLDINGS IN ITS SUBSIDIARY, DOR ALON**

YAKUM, Israel, July 20, 2015, Alon Blue Square Israel Ltd. (NYSE: BSI) (hereinafter: the "Company") announced today that its board of directors approved the previously announced plan of recovery and arrangement of its subsidiary, Mega Retail, and the obligations of the Company under the plan of recovery and arrangement, subject to the following conditions:

- Israel Discount Bank would notify that it is withdrawing its preliminary notice regarding the potential non-renewal of its on-call loans to the Company and join with the other banks in agreeing to refrain from calling for the immediate repayment of its loans and/or non-renewal of its on-call loans to the Company for a period of six months during which negotiations would be held to settle the repayment terms of the bank debt of the Company.
- The controlling shareholder of the Company, Alon Israel Oil Company Ltd. ("Alon"), would invest its percentage share (aggregate of NIS 110 million) in a rights offering to be conducted by the Company without conditions, and would commit to provide additional long-term credit of NIS 60 million to the Company subordinate to bank debt (in exchange for the security previously provided by the controlling shareholder for a short-term loan of the Company from Bank Hapoalim (aggregate of NIS 40 million)). In addition, Alon would commit to providing short-term credit of NIS 50 million as a short-term bridge loan until the sale of assets by the Company. The Company has also requested that Alon advance the sum of NIS 95 million as a bridge loan until completion of the rights offering. The Company has been informed that the board of directors and shareholders of Alon have approved providing the investment and credit above to the Company on the terms described above.

The Company also announced today that its board of directors authorized management to explore a contemplated sale by the Company of its holdings in its subsidiary, Dor Alon Energy in Israel (1988) Ltd. There is no assurance as to whether or when such a transaction will occur, and if so, on what terms.

The board of directors of the Company expresses its great appreciation for the significant efforts made by the various parties to save the "Mega" chain and the workplace for thousands of its workers, and calls to the public to support the chain

and make their supermarket purchases at Mega and thereby strengthen and ensure its future.

* * * *

Alon Blue Square Israel Ltd. (hereinafter: "Alon Blue Square") operates in four reportable operating segments and is the largest retail company in the State of Israel. In the Fueling and Commercial Sites segment, Alon Blue Square through its 71.17% subsidiary, which is listed on the Tel Aviv Stock Exchange ("TASE"), Dor Alon Energy in Israel (1988) Ltd is one of the four largest fuel retail companies in Israel based on the number of petrol stations and a leader in the field of convenience stores operating a chain of 212 petrol stations and 219 convenience stores in different formats in Israel. In its supermarket segment, Alon Blue Square, as a pioneer in the modern food retail, through its 100% subsidiary, Mega Retail Ltd., currently operates 192 supermarkets under different formats, each offering a wide range of food products, "Near Food" products and "Non-Food" products at varying levels of service and pricing. In its "Houseware and textile" segment, Alon Blue Square, through its TASE traded 77.51% subsidiary, Na'aman Group (NV) Ltd. operates specialist outlets in self-operation and franchises and offers a wide range of "Non-Food" products as retailer and wholesaler. In the Real Estate segment, Alon Blue Square, through its TASE traded 61.19% subsidiary Blue Square Real Estate Ltd., owns, leases and develops income producing commercial properties and projects. In addition, Alon Blue Square through its 100% subsidiary, Alon Cellular Ltd, operates an MVNO network in Israel, through Diners Club Israel Ltd., an associate held at 49%, which operates in the sector of issuance and clearance of YOU credit cards to the customer club members of the group and through Dr. Baby Marketing and Distribution 888 Ltd. 100 % held subsidiary as a retailer and wholesaler in the baby products sector.

Forward-looking statements

This press release contains forward-looking statements within the meaning of safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements may include, but are not limited to, plans or projections about our business, our future revenues, expenses and profitability. Forward-looking statements may be, but are not necessarily, identified by the use of forward-looking terminology such as "may," "anticipates," "estimates," "expects," "intends," "plans," "believes," and words and terms of similar substance. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual events, results, performance, circumstance and achievements to be materially different from any future events, results, performance, circumstance and achievements expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, the following: the uncertainty of the success of Mega Retail's proposed debt arrangement with its creditors ; the effect of court proceedings on sales in our supermarkets and on the desire of suppliers to continue supplying products or services to our supermarkets; the economic conditions in Israel on the sales in our stores and of our products and on our profitability; our ability to compete effectively against low-priced supermarkets, large fuel companies and our other competitors; enactment of new laws and regulations, including the enactment of recommendations of governmental appointed committees and regulations with respect to the procurement of petroleum products by fuel companies and the price of petroleum products that are subject to regulation; quarterly fluctuations in our operating results that may cause volatility of our ADS and share price; fluctuations in the price of petroleum products and increases in excise tax rates imposed on the sale of petroleum products in Israel; risks associated with our dependence on a limited number of key suppliers for products that we sell in our stores; the effect of an increase in the minimum

wage in Israel on our operating results; the effect of any actions taken by the Israeli Antitrust Authority on our ability to execute our business strategy and on our profitability; the effect of increases in oil, raw material and product prices in recent years; the effects of damage to our reputation or to the reputation of our store brands due to reports in the media or otherwise; government policies with respect to residential building may have a negative impact on our operations in residential building, and other risks, uncertainties and factors disclosed in our filings with the U.S. Securities and Exchange Commission (SEC), including, but not limited to, risks, uncertainties and factors identified under the heading "Risk Factors" in our annual report on Form 20-F for the year ended December 31, 2014. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Except for our ongoing obligations to disclose material information under the applicable securities laws, we undertake no obligation to update the forward-looking information contained in this press release.

SIGNATURES

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

ALON BLUE SQUARE ISRAEL LTD.

July 20, 2015

By: /s/ Elli Levinson-Sela

Elli Levinson-Sela, Adv.

General Counsel and Corporate
Secretary