Amarantus Bioscience Holdings, Inc.
Form 10-Q
August 14, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED: JUNE 30, 2015

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number: 000-55016

Amarantus Bioscience Holdings, Inc

(Exact name of registrant as specified in its charter)

Nevada	**26-0690857**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

655 Montgomery Street, Suite 900, San Francisco, CA 94111

(415) 688-4484

(Address and telephone number of principal executive offices)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No x

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 x 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 during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statement incorporated by reference in Part III of this Form 10-K or amendment to this Form 10-K. Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See 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 ¨	Smaller reporting company x

(Do not check if a 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 x

As of August 10, 2015, there were 7,847,964 shares of common stock outstanding.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION
Item 1. Condensed Consolidated Financial Statements (Unaudited)

Amarantus Bioscience Holdings, Inc

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except share and per share data)

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 315	$ 214
Deferred financing fees	83	—
Prepaid expenses and other current assets	386	198
Total current assets	784	412
Restricted cash	204	204
Property and equipment, net	150	145
Intangible assets, net	10,245	1,497
Total assets	$ 11,383	$ 2,258
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued expenses	$ 4,729	$ 3,502
Accounts payable - Regenicin	—	2,550
Related party liabilities and accrued interest	255	252
Accrued interest	139	25
Note Payable	2,850	—
Total current liabilities	7,973	6,329
Total liabilities	7,973	6,329
Stockholders’ equity (deficit)		
Convertible preferred stock, $0.001 par value, 10,000,000 shares authorized:		
Series A, $0.001 par value, 250,000 shares designated, -0- shares issued and outstanding as of June 30, 2015 and December 31, 2014	—	—
Series B, $0.001 par value, 3,000,000 shares designated, -0- shares issued and outstanding as of June 30, 2015 and December 31, 2014	—	—

Series C, $0.001 par value, 750,000 shares designated, 750,000 shares issued and outstanding as of June 30, 2015 and December 31, 2014	1	1
Series D, $1,000 stated value; 1,300 shares designated; 350 and 1,299 issued and outstanding as of June 30, 2015 and December 31, 2014, respectively; aggregate liquidation preference of $350	315	1,169
Series E, $1,000 stated value; 13,335 shares designated, 7,722 and 4,500 issued and outstanding as of June 30, 2015 and December 31, 2014 respectively; aggregate liquidation preference of $7,722	6,950	4,050
Series G, $5,000 stated value; 10,000 shares designated; 1,087 and 0 issued and outstanding as of June 30, 2015 and December 31, 2014, respectively; aggregate liquidation preference of $5,435	4,950	—
Common stock, $0.001 par value, 13,333,333 authorized; 7,084,970 and 5,614,605 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	7	6
Additional paid-in capital	62,637	45,886
Accumulated deficit	(71,450)	(55,183)
Total stockholders' equity (deficit)	3,410	(4,071)
Total liabilities and stockholders' equity (deficit)	$ 11,383	$ 2,258

See notes to condensed consolidated financial statements.

Amarantus Bioscience Holdings, Inc

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands, except share and per share data)

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Net sales	$ —	$—	$ —	$—
Operating expense:				
Research and development	2,257	1,640	4,734	2,157
General and administrative	3,339	2,101	7,400	3,220
	5,596	3,741	12,134	5,377
Loss from operations	(5,596)	(3,741)	(12,134)	(5,377)
Other income (expense):				
Interest expense	(126)	(71)	(168)	(709)
Loss on issuance of common stock	—	—	—	(67)
Loss on issuance of warrants	—	—	—	(3,867)
Other expense	—	(20)	—	(20)
Change in fair value of warrant & derivative liabilities	—	(193)	—	473
Total other income (expense)	(126)	(284)	(168)	(4,190)
Net loss	$ (5,722)	$(4,025)	$ (12,302)	$(9,567)
Preferred stock dividend	$ 3,187	$26	$ 4,016	$52
Net loss attributable to common stockholders	$ (8,909)	$(4,051)	$ (16,318)	$(9,619)
Basic and diluted net loss per common share	$ (1.08)	$(0.83)	$ (2.13)	$(2.11)
Basic and diluted weighted average common shares outstanding	8,230,225	4,893,491	7, 652,163	4,551,050

See notes to condensed consolidated financial statements.

Amarantus Bioscience Holdings, Inc

CONDENSED CONSOLIDATED STATEMENTS STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

(Unaudited)

(in thousands, except share and per share data)

	Convertible Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Capital	Deficit	(Deficit)
Balances as of December 31, 2014	755,799	$5,220	5,614,605	$ 6	$ 45,886	$ (55,183)	$ (4,071)
Common stock issued for services	—	—	9,028	—	106	—	106
Common stock issued for acquisition of DioGenix	—	—	662,526	1	7,950	—	7,951
Common stock issued for cash	—	—	256,305	—	2,819	—	2,819
Common stock issued for funding fees	—	—	3,290	—	(1)	—	(1)
Sale of Series E preferred stock	3,278	2,950	—	—	—	—	2,950
Common stock issued for Series D convertible preferred stock dividend	—	—	7,819	—	35	(9)	26
Common stock issued for Series E convertible preferred stock dividend	—	—	21,738	—	237	(172)	65
Series E accretion of beneficial conversion feature as deemed dividend	—	—	—	—	440	(440)	—
Series D stock conversion	(549)	(494)	122,073	—	494	—	—
Series E stock conversion	(500)	(450)	41,667	—	450	—	—
Common stock issued as fee for debt financing arrangement	—	—	8,333	—	102	—	102
Legal fees related to stock offering	—	—	—	—	(19)	—	(19)
Series D dividend accrued	—	—	—	—	—	(15)	(15)
Series E dividend accrued	—	—	—	—	—	(192)	(192)
Stock-based compensation expense	—	—	—	—	488	—	488
Net loss	—	—	—	—	—	(6,580)	(6,580)
Balances as of March 31, 2015	758,028	$7,226	6,747,384	$ 7	$ 58,987	$ (62,591)	$ 3,629
Common stock issued for services	—	—	17,360	—	97	—	97
Common stock issued as fee for debt financing arrangement	—	—	1,867	—	14	—	14
Sale of Series E preferred stock	444	400	—	—	—	—	400
Sale of Series G preferred stock	1,087	4,950	—	—	—	—	4,950

Series E modification deemed dividend	—	—	—	—	2,782	(2,782)	—
Common stock issued for Series D convertible preferred stock dividend	—	—	3,620	—	16		16
Common stock issued for Series E convertible preferred stock dividend	—	—	25,850	—	192	—	192
Common stock issued in conversion of Series D preferred stock	(400)	(360)	88,889	—	360	—	—
Common stock issued to Series E shareholders related to modification of preferred stock agreement			200,000	—	—	—	—
Series D dividend accrued	—	—	—	—	—	(8)	(8)
Series E dividend accrued	—	—	—	—	—	(233)	(233)
Series G dividend accrued	—	—	—	—	—	(114)	(114)
Equity funding fees	—	—	—	—	(130)	—	(130)
Stock-based compensation expense	—	—	—	—	319	—	319
Net loss	—	—	—	—	—	(5,722)	(5,722)
Balances as of June 30, 2015	759,159	$12,216	7,084,970	$ 7	$ 62,637	$ (71,450)	$ 3,410

See notes to condensed consolidated financial statements.

Amarantus Bioscience Holdings, Inc

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands)

	Six Months Ended June 30,	
	2015	2014
Cash flows from operating activities		
Net loss	$ (12,302)	$ (9,567)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	39	6
Amortization of debt discount	—	572
Amortization of deferred financing fees	53	106
Amortization of intangible assets	64	53
Stock issued for services	203	595
Write-off of clinical material	—	500
Loss on stock issuance	—	67
Loss on warrant issuance	—	3,867
Non-cash interest expense related to warrants and derivative	—	32
Change in fair value of warrants and derivative liability	—	(473)
Stock-based compensation expense	807	475
Changes in assets and liabilities:		
Related party liabilities and accrued interest	2	2
Receivable for sale of common stock	—	(146)
Deferred funding fees	(20)	116
Clinical trial material	—	(500)
Prepaid expenses and other current assets	(45)	(144)
Accounts payable and accrued expenses	(1,730)	853
Accrued interest	114	(47)
Net cash used in operating activities	(12,815)	(3,633)
Cash flows from investing activities		
Acquisition of DioGenix	(900)	—
Acquisition of other assets	—	(600)
Acquisition of property and equipment	(5)	(56)
Net cash used in investing activities	(905)	(656)
Cash flows from financing activities		
Proceeds from issuance of notes payable	2,850	500

Repayment of convertible promissory notes	—	(9)
Financing costs	(149)	—
Proceeds from issuance of common stock	2,820	400
Proceeds from exercise of warrants	—	3,767
Proceeds from issuance of convertible preferred stock	8,300	—
Net cash provided by financing activities	13,821	4,658
Net increase in cash and cash equivalents	101	369
Cash and cash equivalents		
Beginning of period	214	1,033
End of period	$ 315	$ 1,402

Amarantus Bioscience Holdings, Inc

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS, continued

(Unaudited)

(in thousands)

	Six Months Ended June 30,	
	2015	2014
Supplemental schedule of non-cash activities:		
Common stock issued as fee for debt financing arrangement	$ 116	$ —
Common stock issued for Series D preferred dividend	$ 42	$ —
Common stock issued for Series E preferred dividend	$ 257	$ —
Series D preferred stock dividend accrued	$ (8)	$ —
Series E preferred stock dividend accrued	$ (233)	$ —
Series G preferred stock dividend accrued	$ (114)	$ —
Convertible debentures converted and associated reclassification of derivative liabilities	$ —	$ 8,238
Debt discount written off - associated with convertible promissory notes	$ —	$ (1,787)
Stock issued for deferred funding fees	$ —	$ 518
Stock issued for convertible debt	$ —	$ 11
Convertible promissory note issued for payables and accrued liability	$ —	$ 2
Stock Subscription	$ —	$ 146
Intangible assets	$ —	$ (50)
Deferred funding fees charged to equity upon sale of common stock	$ —	$ (518)
Stock issued to acquire intangible assets	$ —	$ 103
Reclass of Series D Preferred from mezzanine to equity	$ —	$ 839
Stock issued to satisfy accounts payable and accrued expenses	$ —	$ 22
Supplemental cash flow information		
Interest payments	$ —	$ 1

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(in thousands, except share and per share data)

1. GENERAL

Amarantus Bioscience Holdings, Inc. (the “Company”), is a biopharmaceutical company focused on the development of diagnostics and therapeutics to treat human disease, to date primarily for Alzheimer's disease, Parkinson's disease and ophthalmological disorders. Through June 30, 2015, the Company has been primarily engaged in acquiring and licensing intellectual property and proprietary technologies, research and development, and raising capital to fund its operations.

Amarantus Bioscience has three operating divisions: the diagnostics division; the therapeutics division; and the other drug discovery division.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The unaudited condensed consolidated financial statements (Financial Statements) have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) and reflect all adjustments (consisting of normal recurring adjustments unless otherwise indicated) which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. Certain prior year amounts have been reclassified to conform to current year presentation.

Certain information in footnote disclosures normally included in the financial statements prepared in conformity with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the SEC rules and regulations for interim reporting. The financial results for the periods presented may not be indicative of the full year’s results. The Company believes the disclosures are adequate to make the information presented not misleading.

These financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the fiscal year ended December 31, 2014 included in the Company's Annual Report on Form 10K filed in April 2015.

Significant Accounting Policies

Accounting for Business Combinations

Business combinations are accounted for under the acquisition method of accounting. This method requires the recording of acquired assets, including separately identifiable intangible assets, and assumed liabilities at their acquisition date fair values. The method records any excess purchase price over the fair value of acquired net assets as goodwill. The determination of the fair value of assets acquired, liabilities assumed involves assessments of factors such as the expected future cash flows associated with individual assets and liabilities and appropriate discount rates at the closing date of the acquisition. When necessary, external advisors are consulted to help determine fair value. For non-observable market values, fair values are determined using acceptable valuation principles (e.g., multiple excess earnings, relief from royalty and cost methods, discounted cash flows).

Contingent consideration assumed in a business combination is remeasured at fair value each reporting period and any change in the fair value from either the passage of time or events occurring after the acquisition date, is recorded in results from operations.

The results of operations are included from the acquisition date in the financial statements for all businesses acquired.

Goodwill and Other Identifiable Intangibles

Goodwill and indefinite-lived intangibles are reviewed annually for impairment. When testing goodwill and indefinite-lived intangibles for impairment, we first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (more than 50%) that an impairment exists. Such qualitative factors may include the following: macroeconomic conditions; industry and market considerations; cost factors; overall financial performance; and other relevant entity-specific events. In the event the qualitative assessment indicates that an impairment is more likely than not, we would be required to perform a quantitative impairment test, otherwise no further analysis is required.

Under the quantitative goodwill impairment test, the evaluation of impairment involves comparing the current fair value (using Level 3 inputs) of each reporting unit to its carrying value, including goodwill.

If the carrying amount of a reporting unit, including goodwill, exceeds the estimated fair value, then individual assets (including identifiable intangible assets) and liabilities of the reporting unit are estimated at fair value. The excess of the estimated fair value of the reporting unit over the estimated fair value of its net assets would establish the implied value of goodwill. The excess of the recorded amount of goodwill over the implied value is then charged to earnings as an impairment loss.

In-process research & development ("IPR&D") represents the fair value assigned to research and development assets that were not fully developed at the date of acquisition. IPR&D acquired in a business combination is capitalized on the Company's consolidated balance sheet at its acquisition-date fair value. Until the project is completed, the assets are accounted for as indefinite-lived intangible assets and subject to impairment testing. Upon completion of a project, the carrying value of the related IPR&D is reclassified to intangible assets and is amortized over the estimated useful life of the asset.

When performing the impairment assessment, the Company first assesses qualitative factors to determine whether it is necessary to recalculate the fair value of its acquired IPR&D. If the Company determines, as a result of the qualitative assessment, that it is more likely than not that the fair value of acquired IPR&D is less than its carrying amount, it calculates the asset's fair value. If the carrying value of the Company's acquired IPR&D exceeds its fair value, then the intangible asset is written down to its fair value.

Recently Issued Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board issued a new pronouncement that requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The pronouncement becomes effective for the Company in the first quarter of 2016. Early adoption is permitted. The Company believes adoption of the pronouncement will not have a significant impact on the financial statements or its results of operations.

2. LIQUIDITY AND GOING CONCERN

The Company’s activities since inception have consisted principally of acquiring product and technology rights, raising capital, and performing research and development. Successful completion of the Company’s development programs and, ultimately, the attainment of profitable operations are dependent on future events, including, among other things, its ability to access potential markets; secure financing, develop a customer base; attract, retain and motivate qualified personnel; and develop strategic alliances. From inception, the Company has been funded by a combination of equity and debt financings. Although management believes that the Company will be able to successfully fund its operations,

there can be no assurance that the Company will be able to do so or that the Company will ever operate profitably. Our activities since inception have consisted principally of acquiring product and technology rights, raising capital, and performing research and development. Historically, we have incurred net losses and negative cash flows from operations.

The Company expects to continue to incur substantial losses over the next several years during its development phase. To fully execute its business plan, the Company will need to complete certain research and development activities and clinical studies. Further, the Company's product candidates will require regulatory approval prior to commercialization. These activities may span many years and require substantial expenditures to complete and may ultimately be unsuccessful. Any delays in completing these activities could adversely impact the Company. The Company plans to meet its capital requirements primarily through issuances of debt and equity securities and, in the longer term, revenue from product sales.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which contemplate continuation of the Company as a going concern. As of June 30, 2015, the Company had cash and cash equivalents of $315. Subsequent to June 30, 2015, we sold additional 1,400 shares of Series E Preferred stock and received $1,260 of proceeds from the sale. On July 10, 2015, we entered into a Stock Purchase Agreement ("SPA") with Discover Growth Fund, a Cayman Islands exempted mutual fund ("Discover"), pursuant to which we sold and issued 535 shares of additional designated Series G Preferred Stock ("Series G Preferred Stock") for gross proceeds of $2,000 and an 8% original issue discount. The Company has incurred net losses and negative cash flows from operations. The Company believes its current capital resources are not sufficient to support its operations. Management intends to continue its research efforts and to finance operations of the Company through debt and/or equity financings. Management plans to seek additional debt and/or equity financing through private or public offerings or through a business combination or strategic partnership. There can be no assurance that the Company will be successful in obtaining additional financing on favorable terms, or at all. These matters raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

3. ACQUISITION

On January 8, 2015, the Company, through a wholly-owned subsidiary, entered into an agreement and plan of merger (the “Merger”) for the acquisition of all of the outstanding stock of DioGenix, Inc. The Company acquired DioGenix for its pipeline of diagnostic tests focused on immune-mediated neurological diseases, such as multiple sclerosis (MS). Its lead product, MSPrecise, can significantly expand a physician's ability to diagnose patients that exhibit unclear neurological dysfunction.

The transaction closed on January 9, 2015 with DioGenix, Inc. surviving the Merger and becoming a wholly-owned subsidiary of the Company. Consideration paid included 662,526 shares of Company stock valued at $12.00 per share and $900 in cash for a total consideration of $8,850. In addition, the agreement provides for a contingent payment amount up to $2,000 in cash and common stock of the Company should the acquired company achieve certain milestones related to results of clinical testing and future revenue from products in development. The fair value of the contingent consideration was estimated by applying the income approach. That measure is based on significant inputs that are not observable in the market (Level 3 inputs). Key assumptions include the discount rate of 30.4% and probability-adjusted potential outcomes.

Following an acquisition, there is a period of not more than twelve months from the closing date of the acquisition to finalize the acquisition date fair values of assets acquired and liabilities assumed, including valuations of identifiable intangible assets and property and equipment. The determination of fair values of acquired intangible assets and property and equipment involves a variety of assumptions, including estimates associated with remaining useful lives.

The preliminary purchase price adjustments of the assets and liabilities acquired in the January 9, 2015 Merger is $8,867.

We incurred acquisition costs of $169 which were expensed.

The following unaudited supplemental pro forma information presents the financial results as if the Merger had occurred on January 1, 2014. This supplemental pro forma information has been prepared for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition been made on January 1, 2014, nor is it indicative of any future results.

	Three months ended	**Six months ended**
	June 30, 2014	**June 30, 2014**

Net Sales	$ —	$ —
Operating Expenses	4,381	6,610
Loss from operations	$ (4,381)	$ (6,610)
Total other expenses	(401)	(4,424)
Net Loss	$ (4,782)	$ (11,034)
Basic and diluted net loss per common share	$ (0.98)	$ (2.42)
Basic and diluted weighted average common shares outstanding	4,893,491	4,551,050

Condensed Consolidated Statement of Operations net loss for the second quarter of 2015 and year to date was $5,722 and $12,302 respectively, which included the results of DioGenix after the merger on January 9, 2015. The loss incurred during the first eight days of January 2015 is immaterial for comparison purposes.

4. Net loss per share

The following table sets forth the computation of the basic and diluted net loss per share attributable to the Company's common stockholders for the periods indicated:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Numerator:				
Net loss	$(5,722)	$(4,025)	$(12,302)	$(9,567)
Preferred stock dividend	3,187	26	4,016	52
Net loss attributable to common stockholders	$(8,909)	$(4,051)	$(16,318)	$(9,619)
Denominator:				
Common stock - basic	7,037,671	4,893,491	6,719,726	4,551,050
Common shares equivalents[1]	1,192,554	—	932,437	—
Weighted average shares outstanding during the period:	8,230,225	4,893,491	7,652,163	4,551,050
Net loss per share	$(1.08)	$(0.83)	$(2.13)	$(2.11)

(1) Preferred Stock Series D, E and G are participating securities; therefore we utilize the two class method of computing net loss per share.

Potentially dilutive securities:	June 30, 2015	June 30, 2014
Outstanding common stock options[2]	366,000	122,953
Outstanding preferred stock option[2]	16,587	16,587
Warrants[2]	303,000	451,840
Related party liability[2]	40,738	15,973
Convertible promissory note(s)[2]	—	31,500
8% Senior convertible debentures	—	29,453
Convertible preferred stock Series C[2]	5,000	5,000

(2) The impact of stock options, warrants, convertible debt instruments and convertible preferred stock which do not have participation rights is anti-dilutive in a period of loss from continuing operations.

5. intangible assets

The following table summarizes our intangible assets:

	Period Ended	
	June 30, 2015	**December 31, 2014**
Intangibles - Acquisition Diogenix (Preliminary IPRD)	$8,812	$ —
Licenses	1,685	1,685
Accumulated amortization	(252)	(188)
Total licenses, net	1,433	1,497
Total intangible assets, net	$10,245	$ 1,497

Intangible assets are amortized over the expected remaining lives of the respective patents. As of June 30, 2015, amortization expense for the next five years is expected to be as follows:

2015 (remaining six months)	$64
2016	128
2017	128
2018	128
2019	128
thereafter	857
Total	$1,433

6. NOTE PAYABLE

The Company entered into two Securities Purchase Agreements with Dominion Capital pursuant to which the Company issued a 12% Promissory Note in the principal amount of $2,850 due and payable on December 23, 2015 in cash or stock or a combination at the Company's option. The Notes Payable can be prepaid at any time equal to 110% of the principal and guaranteed interest.

The February 23, 2015 Note contains certain customary Events of Default and if triggered the interest rate on the Note shall equal to the lesser of 24% per annum or the maximum rate permitted under state law at the time of the default.

The Notes Payable are secured by the Company's rights, title and interest in and to that certain Asset Purchase Agreement, dated November 7, 2014, by and among the Company, Regenicin, Inc., Clark Corporate Law Group, LLP, and Gordon & Rees, LLP and that certain Option Agreement, dated November 7, 2014, by and between the Company and Lonza Walkersville.

As part of the financing, Dominion received 8,333 shares of the Company's restricted common stock valued at $102 and recorded as deferred financing on the balance sheet and will be amortized over the term of the loan.

7. commitments and contingencies

Commitments:

Sponsored Research Arrangements:

We entered into a number of sponsored research agreements during 2014, primarily, which require us to make future payments as follows:

2015 (remaining)	$102
2016	150
Total	$252

Research, License, and Option to License Arrangements

The Company is a party to various agreements which obligate it to make certain payments:

Acquiring Engineered Skin Substitute Intellectual Property - Lonza Walkersville

On March 27, 2015, the Company entered into a third amendment to the Lonza Option Agreement that further extended the Option period from March 31, 2015 to August 31, 2015, on a month-by-month basis. In connection with this third amendment, the Company will make additional periodic payments to Lonza, a portion of which will fund Lonza's continuing Engineering Skin Substitute ("ESS") development activity. Upon execution of this third amendment, the Company paid $350 to Lonza on March 31, 2015.

The option agreement was executed in July 2015 and is disclosed in Note 10, Subsequent Events.

EQUITY

8.

Reverse Stock Split

On May 2, 2015, the Company's Board of Directors and stockholders approved a 1-for-150 reverse stock split of the Company's authorized and issued and outstanding common stock. The reverse stock split became effective on June 10, 2015. Upon the effectiveness of the reverse stock split, (i) every one hundred and fifty shares of outstanding common stock was combined into one share of common stock, (ii) the number of shares of common stock into which each outstanding option to purchase common stock is exercisable was proportionally decreased, (iii) the exercise price of each outstanding warrant or option to purchase common stock was proportionately increased, and (iv) the conversion ratio for each share of preferred stock outstanding was proportionately reduced.

Unless otherwise indicated, all of the share numbers, share prices and exercise prices in these consolidated financial statements have been adjusted, on a retroactive basis, to reflect this 1-for-150 reverse stock split.

Private Placement of Common Stock

During the first quarter of 2015 under the Lincoln Park Capital Fund LLC financing arrangement the Company sold 256,305 common shares and issued 3,290 common shares as a commitment fee for a total of $2,819. $14,506 funding remains available under the financing arrangement as of June 30, 2015.

Series D Preferred Stock

During the first quarter of 2015, 549 shares of Series D preferred stock were converted to 122,073 common shares, and 2,045 shares of common stock were issued as a dividend due upon conversion. Also, 7,819 shares of common stock were issued as a quarterly dividend.

During the second quarter of 2015, 400 shares of Series D preferred stock were converted to 88,889 common shares. Also, 3,620 shares of common stock were issued as a quarterly dividend.

Series E Preferred Stock

During the first quarter of 2015, 3,278 shares of Series E preferred stock were sold for $2,950. Also during the first quarter of 2015, 500 shares of Series E preferred stock were converted to 41,667 common shares, and 15,835 shares of common stock were issued as a dividend due upon conversion. Also, 5,904 shares of common stock were issued as a quarterly dividend.

During the second quarter of 2015, 444 shares of Series E preferred stock were sold for $400. Also, 25,850 shares of common stock were issued as a quarterly dividend.

On April 2, 2015 the Company amended the Series E preferred Stock Certificate of Designation for the following:

- Increased the number of authorized shares from 7,779 to 13,335.
- Reduced the conversion price from $12.00 to $7.50.
- Issued 200,000 Company restricted common shares to existing investors as of April 2, 2015.

Subsequent to June 30, 2015, the Company issued 1,400 shares of its Series E Convertible Preferred Stock (”Series E Preferred Stock”) for gross proceeds of $1,260.

On July 9, 2015, the Company filed a Second Amended and Restated Certificate of Designation to its Series E Convertible Preferred Stock to, among other things, provide for cash redemption of the Series E Preferred Stock at the Company’s discretion and a further extension of any downward adjustment in the conversion price until January 8, 2016.

Series G Preferred Stock

On April 23, 2015, the Company filed a Certificate of Designations of Preferences, Rights and Limitations of the Series G Preferred Stock (“Certificate of Designation”) with the Secretary of State of the State of Nevada. On April 23, 2015, the Company, entered into a Stock Purchase Agreement (“SPA”) with Discover Growth Fund, a Cayman Islands exempted mutual fund (“Discover”), pursuant to which the Company sold and issued 1,087 shares of the Company’s newly designated Series G Preferred Stock (“Series G Preferred Stock”) for gross proceeds of $5,000 and an 8% original issue discount.

On July 9, 2015, the Company entered into an Amended and Restated Securities Purchase Agreement (the "Series G SPA") with Discover for the sale of 435 shares of the Company's Series G Preferred Stock and an additional 100 shares of Series G Preferred Stock as a fee (collectively, the "Shares") in a registered direct offering (the "Offering"), subject to customary closing conditions for proceeds of $2,000.

The Series G Preferred Stock has a fixed conversion price of $9.00 and has no specific voting rights.

9.STOCK OPTION PLANS

2008 Stock Plan

The Company's Board of Directors approved the 2008 Stock Plan (the "Plan"). Under the Plan, the Company may grant up to 307,466 shares of incentive stock options, nonqualified stock options, or stock awards to eligible persons, including employees, nonemployees, members of the Board of Directors, consultants, and other independent advisors who provide services to the Company. In general, options are granted with an exercise price equal to the fair value of the underlying common stock on the date of the grant. Options granted typically have a contractual life of 10 years and vest over periods ranging from being fully vested as of the grant date to four years.

The following table is a summary of activity under the 2008 Plan:

	Common Stock Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	**Aggregate Intrinsic Value ($000)**
Balance December 31, 2014	143,974	$ 11.00	8.8	$ 47
Options granted				
Employee	—	—	—	
Non-employee	—	—	—	
Options cancelled	(16,667)	15.00	—	
Options exercised	—	—	—	
Balance June 30, 2015	127,307	$ 11.00	8.5	$ 12
Options vested as of June 30, 2015	104,413			

2012 Preferred Stock Plan

In July 2012, our Board of Directors adopted a new stock plan, the Management, Employee, Advisor and Director Preferred Stock Option Plan – 2012 Series B Convertible Preferred Stock Plan ("Preferred Stock Plan"). The purposes of the Preferred Stock Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Management, Employees, Advisors and Directors and to promote the success of our business. These options currently vest over two or three years and cannot be converted into common shares or sold for two years from the date of the Designation of the Series B Preferred shares. Each share of Series B Preferred stock converts into fifty shares of common stock.

The following table is a summary of activity under the Preferred Stock Plan:

	Preferred Stock Options Outstanding	Weighted Average Exercise Price	**Weighted Average Remaining Contractual Term**	**Aggregate Intrinsic Value**
			(Years)	**($000)**
Balance – December 31, 2014	16,583	$ 92.03	7.8	$ 6,836
Preferred options cancelled	—	—	—	
Preferred options granted				
Employee	—	—	—	
Non-Employee	—	—	—	
Balance – June 30, 2015	16,583	$ 92.03	7.3	$ 3,525
Preferred options vested as of June 30, 2015	15,480			

2014 Stock Plan

In August 2014, the Company adopted the 2014 Stock Plan (the "2014 Plan"), which was approved by the Company's stockholder at the Company's Annual Meeting in September 2014. Under the 2014 Plan, the Company may grant up to 1,025,868 common shares in the forms of incentive stock options, nonqualified stock options or stock awards to eligible persons, including employees, nonemployees, members of the Board of Directors, consultants, and other independent advisors who provide services to the Company. In general, options are granted with an exercise price equal to the fair value of the underlying common stock on the date of the grant. Options granted typically have a contractual life of 10 years and vest over periods ranging from being fully vested as of the grant date to four years.

The following table is a summary of activity under the 2014 Plan:

	Common Stock Options Outstanding	**Weighted Average Exercise Price**	Weighted Average Remaining Contractual Term (years)	**Aggregate Intrinsic Value ($000)**
Balance – December 31, 2014	57,333	$ 13.50	9.8	$ 0
Options granted (weighted-average fair value of $12.48)				

Employee	166,467	12.50	9.1	
Non-Employee	15,000	12.30	0.8	
Options cancelled	—	—	—	
Options exercised	—	—	—	
Balance June 30, 2015	238,800	$ 12.00	9.5	$ 0
Options vested as of June 30, 2015	46,325			

Stock-based compensation expense for all plans is classified in the statements of operations as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Research and development	$ 103	$ 108	$ 295	$ 288
General and administrative	215	165	520	187
Total	$ 318	$ 273	$ 815	$ 475

15

At June 30, 2015, there was a total of approximately $2,732 of unrecognized compensation cost, related to non-vested stock option awards, which is expected to be recognized over a weighted-average period of approximately 2.7 years. The Company has estimated a forfeiture rate of 0% due to a low history of forfeitures and the majority of grants being held by senior level executives.

The fair value of the Company's stock-based awards during the six months ended June 30, 2015 and 2014 were estimated using the Black-Scholes option-pricing model with the following assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Weighted-average volatility	(1)%	302 %	(1)%	89%-302 %
Weighted-average expected term	(1)	5.75	(1)	5-5.75
Expected dividends	0 %	0 %	0 %	0 %
Risk-free investment rate	(1)%	1.96%	(1)%	1.73%-1.96%

(1) There were no stock options issued during the three and six months ended June 30, 2015.

10. SUBSEQUENT EVENTS

Note Payable

On July 1, 2015, the Company entered into a Securities Purchase Agreement (the "SPA") with an institutional investor (the "Investor") pursuant to which such Investor purchased an aggregate of $650 in principal amount of 12% Promissory Notes (the "Notes") due April 2, 2016 (the "Note Transaction").

On July 9, 2015, the Company entered into a Securities Purchase Agreement (the "Notes SPA") with four investors (the "Investors") pursuant to which such Investors purchased an aggregate of $1,000 in principal amount of 12% Promissory Notes (the "Notes") due July 9, 2016 (the "Note Purchase Transaction").

In connection with the Note Transaction, effective on July 9, 2015, the Company entered into a Security Agreement with the Investors (the "Security Agreement") pursuant to which the Company agreed to grant a security interest in certain of its property (the "Collateral") to the Investors in order to secure the prompt payment, performance and discharge in full of all of the Company's obligations under the Notes.

Acquisition of Cutanogen Corporation

On July 8, 2015, the Company exercised its previously disclosed option to acquire Cutanogen Corporation. Pursuant to a Share Purchase Agreement among the Company and Lonza Walkersville, Inc. ("Lonza") dated July 14, 2015 (the "Agreement"); the Company paid $4,000 to Lonza upon closing. Pursuant to the Agreement, the Company will be required to pay up to $5,000 in aggregate milestone payments upon the achievement of certain regulatory milestones.

Common Stock issued

Subsequent to June 30, 2015 the company sold 13,334 of common shares and issued 74 common shares as a commitment fee for total proceeds of $63 under the Lincoln Park Capital Fund LLC financing arrangement.

In July 2015, a total 218,286 of common shares were issued for Series D, E and G quarterly preferred stock dividends.

During the month of July 2015, 350 Shares of Series D Preferred Stock converted to 77,778 of common shares. Also 150 shares of Series G Preferred Stock converted to 83,334 of common shares.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Amarantus Bioscience Holdings, Inc. ("the Company") is a California-based development-stage biopharmaceutical company founded in January 2008. We focus on developing our intellectual property and proprietary technologies to develop drug and diagnostic product candidates to treat human disease. We own or have exclusive licenses to various product candidates in the biopharmaceutical and diagnostic areas of the healthcare industry, with a specific focus on bringing these candidates to market in the areas of Alzheimer's disease, Parkinson's disease, Retinal Degenerative disorders, and other ailments of the human body, with a particular focus on the nervous system. Our business model is to develop our product candidates through various de-risking milestones that we believe will be accretive to shareholder value and strategically partner with biopharmaceutical companies, diagnostic companies, investors, private foundations and other key stakeholders in the specific sub-sector of the healthcare industry in which we are developing our products in order to achieve regulatory approval in key jurisdictions and thereafter successfully market and distribute our products.

Overview

The Company's philosophy is to acquire in-license, discover and develop drug candidates and diagnostics with the potential to address critically important biological pathways involved in human disease.

Principal Products in Development

Amarantus Bioscience has three operating divisions: the diagnostics division; the therapeutics division; and the drug discovery division.

Diagnostics Division

Within our diagnostics division, we are developing the following product candidates:

LymPro Test ®

The Lymphocyte Proliferation Test (“LymPro Test®”, or “LymPro”) is a diagnostic blood test for Alzheimer’s disease originally developed by the University of Leipzig in Germany. The test works by evaluating the cell surface marker CD69 on peripheral blood lymphocytes following a mitogenic stimulation. The underlying scientific basis for LymPro is that Alzheimer’s patients have a dysfunctional cellular machinery division process that inappropriately allows mature neurons in the brain to enter the mitotic process (cell division /cell cycle). When this happens the neurons start the cell division process, but cannot complete the process. As a result, a number of cytokines and other genes are up-regulated, ultimately leading to cell death by apoptosis. This inappropriate cell division activation process is also present in the lymphocytes of Alzheimer’s patients, as lymphocytes share similar cellular division machinery with brain neurons. We measure the integrity of this cellular machinery division process by measuring CD69 up-regulation in response to the mitogenic stimulation. If CD 69 is up-regulated it means that the cellular machinery division process is correct and Alzheimer’s is not present. If CD69 is not up-regulated, it means there is a dysfunctional cellular machinery division process, and Alzheimer’s is more likely. Data has been published in peer-reviewed publications on LymPro with 160 patients, demonstrating 92% co-positivity and 91% co-negativity with an overall 95% accuracy rating for LymPro.

In 2014, we completed a 'Fit-for-Purpose' assay validation for LymPro at Icon Central Laboratories in Farmingdale, NY, enabling LymPro to be offered to the pharmaceutical industry for diagnosis of patients entering clinical trials for Alzheimer’s disease, as a means of mitigating the risk of selecting the wrong patients for inclusion in such clinical studies. Biomarker services using LymPro Test® biomarker data are now available to the pharmaceutical industry for Investigational Use Only (IUO), in such pharmaceutical therapeutic clinical development programs.

MSPrecise®

In January 2015, we acquired MSPrecise®, which is a proprietary next-generation DNA sequencing (NGS) assay for the identification of patients with relapsing-remitting multiple sclerosis (RRMS) at first clinical presentation. MSPrecise® utilizes next-generation sequencing to measure DNA mutations found in rearranged immunoglobulin genes in immune cells initially isolated from cerebrospinal fluid. If successful, MSPrecis® should augment the current standard of care for the diagnosis of MS, by providing a more accurate assessment of a patient's immune response to a challenge within the central nervous system. MSPrecise® offers a novel method of measuring changes in adaptive human immunity and may also be able to discern individuals whose disease is more progressive and requires more aggressive treatment.

Final results from a pivotal clinical validation study demonstrated that MSPrecise® met the primary study endpoint in patients suspected of having RRMS. MSPrecise® provided a clear improvement in classifying early-stage RRMS patients when compared with the published performance for the current diagnostic standard of care by cerebrospinal fluid (CSF) analysis. In this study, MSPrecise® not only performed well as a standalone test but, when combined with the current standard of diagnosis, oligoclonal banding (OCB), it demonstrated that it can substantially reduce the number of both false positives and false negatives as compared to use of OCB alone.

Additional Diagnostic Biomarkers

In January 2015, we entered into a one-year; option agreement with Georgetown University for an exclusive license of patent rights related to certain blood based biomarkers for memory loss that Georgetown University and University of Rochester jointly developed and own (the “Georgetown Biomarkers”). In the event that we exercise this option, conditions and milestones will be defined; such as, providing Georgetown with development and commercialization plans for the biomarkers and recruiting a senior executive to lead our diagnostics division, as well as other requirements defined in the option agreement. The diagnostic technologies subject to this option agreement are based on metabolic, genetic and exosomal biomarkers. We believe these may hold additional potential for identifying distinguishing factors in dementia and Alzheimer's disease that will be complementary to our LymPro Test® diagnostic for Alzheimer’s disease. With the potential addition of the Georgetown Biomarkers to our Alzheimer's diagnostics portfolio, we are positioning ourselves to provide all three modalities (cell cycle dysregulation, lipidomics and exosomes) for diagnosis of Alzheimer’s disease.

In May 2013, we acquired the intellectual property rights to two diagnostic blood test platforms known as NuroPro and BC-SeraPro from the bankruptcy estate of Power3 Medical Products. NuroPro is a neurodegenerative disease diagnostic platform with a lead application in Parkinson’s disease. BC-SeraPro is an oncology diagnostic platform with a lead application in breast cancer. Further development of our NuroPro and BC-SeraPro diagnostic platforms are on hold, as we apply our resources to the continuing development of our LymPro Test® and MSPrecise diagnostics, as well as our planned development of the Georgetown Biomarkers.

Drug Discovery Division

MANF was discovered utilizing our proprietary PhenoGuard™ protein discovery technology, and we believe that this drug discovery platform can be used to discover other, similar neurrotrophic factors. Our PhenoGuard™ technology currently consists of 88 cell lines, and we intend to expand the number of such cell lines as we conduct research directed towards the discovery of such additional neurotrophic factors.

Mesencephalic Astrocyte-derived Neurotrophic Factor (“MANF”) is an endogenous, evolutionally conserved and widely expressed protein that was discovered by our Chief Scientific Officer Dr. John Commissiong. MANF acts on a variety of molecular functions, including as a part of the endoplasmic reticulum stress response (“ER-SR”) system of the unfolded protein response (“UPR”). MANF has demonstrated efficacy as a disease-modifying treatment in various animal models, including Parkinson’s disease, retinitis pigmentosa, cardiac ischemia and stroke. We have made a strategic decision to focus the development of MANF in orphan indications and is currently evaluating the most appropriate indication for development based on data currently being assembled internally, by contract research organizations and academic collaborators.

Therapeutics Division

Within the therapeutics division, we are developing the following product candidates:

Eltoprazine

Eltoprazine is a small molecule 5HT1a/1b partial agonist in clinical development for the treatment of Parkinson's disease levodopa-induced dyskinesia (PD LID) and Adult Attention Deficit Hyperactivity Disorder (“Adult ADHD”). Eltoprazine has been evaluated in over 600 human subjects to date, with a very strong and well-established safety profile. Eltoprazine was originally developed by Solvay Pharmaceuticals for the treatment of aggression. Solvay out-licensed the Eltoprazine program to PsychoGenics. PsychoGenics licensed Eltoprazine to Amarantus following successful Phase 2a studies in both PD-LID and Adult ADHD, in which both primary and secondary endpoints were met.

In September 2014, we submitted a request to the FDA for a review and written feedback of our Phase 2b program clinical trial design for Eltoprazine in PD LID. We have received feedback from the FDA on our trial design, and are in the process of preparing a full IND submission for this important therapeutic indication. Following initiation of our Phase 2b program clinical study of Eltoprazine in PD LID, we will submit a request to the FDA regarding further clinical development of Eltoprazine in Adult ADHD. In June2015, the company received notification of approval from the FDA that IND 124224 was approved and allows the company to commence this clinical trial.

MANF

MANF (mesencephalic-astrocyte-derived neurotrophic factor) is believed to have broad potential because it is a naturally-occurring protein produced by the body for the purpose of reducing and preventing apoptosis (cell death) in response to injury or disease, via the unfolded protein response. MANF was discovered by our Chief Scientific Officer, Dr. John Commissiong. By manufacturing MANF and administering it to the body, we are seeking to use a regenerative medicine approach to assist the body with higher quantities of MANF when needed. Amarantus is the front-runner and primary holder of intellectual property around MANF, and is focusing on the development of MANF-based protein therapeutics. MANF has demonstrated efficacy as a disease-modifying treatment in various animal models, including retinitis pigmentosa, Parkinson’s disease, cardiac ischemia and stroke.

We made a strategic decision to focus the development of MANF in orphan indications. The FDA Orphan Drug Designation program provides a special status to drugs and biologics intended to treat, diagnose or prevent so-called orphan diseases and disorders that affect fewer than 200,000 people in the U.S. This designation provides for a seven-year marketing exclusivity period against competition, as well as certain incentives, including federal grants, tax credits and a waiver of PDUFA filing fees.

In December 2014, the FDA granted MANF orphan drug designation for the treatment of retinitis pigmentosa (RP). RP refers to a group of inherited diseases causing retinal degeneration often leading to blindness. Pre-clinical data showed that MANF provided protective functional effects in an animal model of RP. Moreover, toxicology studies have demonstrated that MANF was well tolerated following a single intravitreal administration of a therapeutically relevant dose. Our goal is to continue to build value in our MANF program by seeking other orphan drug designations for MANF, and by continuing work to advance this promising product candidate toward clinical testing in multiple therapeutic areas.

Engineered Skin Substitute

In November 2014, we entered into an exclusive option agreement to acquire Engineered Skin Substitute (ESS), an autologous skin replacement product for the treatment of Stage 3 and Stage 4 intractable severe burns. As part of the option agreement, we have also agreed to engage Lonza Walkersville, Inc., a subsidiary of Lonza Group Ltd., to produce ESS for human clinical trials and subsequent commercial distribution.

ESS is a tissue-engineered skin prepared from autologous (patient's own) skin cells. It is a combination of cultured epithelium with a collagen-fibroblast implant that produces a skin substitute that contains both epidermal and dermal components. This model has been shown in preclinical studies to generate a functional skin barrier. Most importantly, the researchers consider self-to-self skin grafts for autologous skin tissue to be ideal because they are less likely to be

rejected by the immune system of the patient, unlike with porcine or cadaver grafts in which immune system rejection is an important possibility.

ESS has the potential to become a revolutionary new treatment for severe burns. The product is produced from a small sample of the patient's own healthy skin. The sample is harvested from a portion of healthy skin remaining on a burn patient's body and is then shipped to Lonza's central laboratory facility for expansion. The proprietary ESS technology can then be applied to produce an expanded sample or graft that is sufficiently large enough to close severe wounds covering the majority of an individual's body, including both the epidermal and dermal layers of the skin. The expanded skin samples are then shipped back in rectangular shapes, with the dimensions of approximately 10 inches by 10 inches, to the severe burn center for surgical transplantation onto the original patient to facilitate wound closure. Wound closure is of critical importance in this setting to promote healing and to reduce the risk of a variety of infections, including sepsis.

ESS is being developed with support from a grant from the Armed Forces Institute for Regenerative Medicine (AFIRM). The AFIRM grant was awarded to support the IND and initial clinical studies. We anticipate initiating, during the third quarter of 2015, a 10 patient Phase 2 clinical study to evaluate the efficacy of ESS versus meshed split thickness autograft, the current standard of care for the treatment of Stage 3 and Stage 4 intractable severe burns.

On July 8, 2015, we exercised our previously disclosed option to acquire Cutanogen Corporation. Pursuant to a Share Purchase Agreement among us and Lonza Walkersville, Inc. ("Lonza") dated July 14, 2015 (the "Agreement"); we paid $4,000 to Lonza upon closing. Pursuant to the Agreement, we will be required to pay up to $5,000 in aggregate milestone payments upon the achievement of certain regulatory milestones.

Other

Exploration of our PhenoGuard platform for neurrotrophic factor discovery and discovery and evaluation of external drug candidates for potential in-licensure or acquisition.

For the next 12 months, we intend to focus primarily on the commercialization of LymPro, the further clinical development of Eltoprazine, and the preclinical development of MANF.

The Three Months Ended June 30, 2015 compared to Three Months Ended June 30, 2014

During the three months ended June 30, 2015 and 2014, we generated no revenue.

Research and development costs for the three months ended June 30, 2015 (the "Current Quarter") increased $617 to $2,257 from $1,640 for the three months ended June 30, 2014 (the "Prior Year Quarter") primarily due to increase in headcount with related compensation expense, clinical related costs and research arrangements.

General and administrative expenses increased $1,238 to $3,339 for the Current Quarter from $2,101 for the Prior Year Quarter primarily due to increased spending on headcount with related compensation expense, consulting, Lonza Option payments, acquisition costs and other professional services.

For the Current Quarter, Other income (expense) decreased $158 to an expense of $126 from $284 in the Prior Year Quarter. Interest expense increased from the prior year quarter $55 and change in fair value of warrant and derivative liability decreased $193.

Net loss for the Current Quarter was $5,722 as compared to a net loss of $4,025 for the Prior Year Quarter with the increase in loss driven by headcount, research and development expense, consulting, Lonza Option payments, professional services and acquisition costs.

Inflation adjustments have had no material impact on us.

The Six Months Ended June 30, 2015 compared to Six Months Ended June 30, 2014

During the six months ended June 30, 2015 and 2014, we generated no revenue.

Research and development costs for the six months ended June 30, 2015 (the "Current Period") increased $2,577 to $4,734 from $2,157 for the six months ended June 30, 2014 (the "Prior Year Period") primarily due to increase in headcount with related compensation expense, clinical related costs and research arrangements.

General and administrative expenses increased $4,180 to $7,400 for the Current Period from $3,220 for the Prior Year Period primarily due to increased spending on headcount with related compensation expense, consulting, Lonza Option payments, acquisition costs and other professional services.

For the Current Period, Other income (expense) decreased $4,022 to an expense of $168 from $4,190 in the Prior Year Period. Interest expense and loss on issuance of warrants decreased $541 and $3,867, respectively. Change in fair value of warrant and derivative liability increased $473 to $0 for the current period

Net loss for the Current Period was $12,302 as compared to a net loss of $9,567 for the Prior Year Period with the increase in loss driven by headcount, research and development expense, consulting, Lonza Option payments, professional services and acquisition costs.

Inflation adjustments have had no material impact on us.

Liquidity and Capital Resources

As of June 30, 2015, we had total current assets of $784 consisting of $315 in cash and cash equivalents and $386 in prepaid expenses and other current assets, and $83 in deferred funding fees. As of June 30, 2015, we had current liabilities in the amount of $7,973 consisting of:

Accounts payable and accrued expenses	$4,729
Related party liabilities and accrued interest	$255
Accrued interest	$139
Demand promissory note	$2,850

As of June 30, 2015, we had a working capital deficit in the amount of $7,189 compared to a deficit of $5,917 at December 31, 2014. The increase in the working capital deficit is primarily driven by the increase in short term financing.

The table below sets forth selected cash flow data for the periods presented:

	Six Months Ended	
	June 30,	
	2015	2014
Net cash used in operating activities	$(12,815)	$(3,633)
Net cash used in investing activities	(905)	(656)
Net cash provided by financing activities	13,821	4,658
Net increase in cash and cash equivalents	$101	$369

The success of our business plan during the next 12 months and beyond is contingent upon us generating sufficient revenue to cover our costs of operations, or upon us obtaining additional financing. We believe that our current capital resources are not sufficient to support our operations. We intend to finance our operations through debt and/or equity financings. There can be no assurance that such additional financing will be available to us on acceptable terms, or at all. We intend to use all commercially-reasonable efforts at our disposal to raise sufficient capital to run our operations on a go forward basis.

Off Balance Sheet Arrangements

Not applicable

Going Concern

We are a development stage company engaged in biotechnology research and development. We have recorded recurring losses from operations since inception; we have a negative working capital and have generated negative cash

flow from operations. There is substantial doubt about our ability to continue as a going concern.

Item 3. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of June 30, 2015. This evaluation was carried out under the supervision and with the participation of Gerald Commissiong, our Principal Executive Officer, and Robert Farrell, our Principal Financial and Accounting Officer. Based upon that evaluation, our Chief Executive Officer and Principal Accounting Officer concluded that, as of June 30, 2015, our disclosure controls and procedures were ineffective as of the end of the period covered, due to the following material weaknesses which are indicative of many small companies with small staff: (i) inadequate segregation of duties and effective risk assessment; and (ii) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of both United States generally accepted accounting principles and Securities and Exchange Commission guidelines. Management anticipates that such disclosure controls and procedures will not be effective until the material weaknesses are remediated. We have hired additional staff and added additional resources and expect to remediate the material weakness in our disclosure controls and procedures by the end of our fiscal year December 31, 2015.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Principal Executive Officer, and Principal Financial and Accounting Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting during the three months ended June 30, 2015 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently involved in any litigation that we believe could have a material adverse effect on our financial conditions and result of operations.

Item 2. Unregistered Sales of Equity Securities

On April 1, 2015 we issued 29,183 shares of our restricted common stock as consideration for a dividend payment.

On April 1, 2015 we issued 1,867 shares of our restricted common stock as consideration for deferred funding costs.

On April 2, 2015 we issued 200,000 shares of our restricted common stock to Series E Preferred Stock Holders for consideration for an amendment to Stock Holder Rights related to the issuance of Series G Preferred Stock.

On April 9, 2015 we issued 40 shares of the Company's restricted common stock were issued for a dividend payment.

On April 27, 2015 we issued 90 shares of our restricted common stock for a dividend payment.

On May 13, 2015 we issued 158 shares of our restricted common for a dividend payment.

On August 12, 2015 we sold 150 shares of Series E Preferred stock.

Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a) (2) of the Securities Act (or Regulation D or Regulation S promulgated thereunder), or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions.

Item 3. Exhibits

Exhibit Number	Description of Exhibit
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Accounting Office pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document

101.SCH XBRL Schema Document

101.CAL XBRL Calculation Linkbase Document

101.DEF XBRL Definition Linkbase Document

101.LAB XBRL Label Linkbase Document

101.PRE XBRL Presentation Linkbase Document

22

SIGNATURES

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

Amarantus Bioscience Holdings, Inc.

Date: August 14, 2015

By: /s/ Gerald E. Commissiong
Gerald E. Commissiong
Title: Chief Executive Officer
(Principal Executive Officer, President and Director)

By: /s/ Robert Farrell
Robert Farrell
Chief Financial Officer

(Principal Financial and Accounting Officer)