

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: MARCH 31, 2015

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
(State or other jurisdiction of
incorporation or organization)

26-0690857
(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

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

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 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 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 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

(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

As of May 15, 2015, there were 1,055,960,268 shares of common stock outstanding.

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Amarantus Bioscience Holdings, Inc

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands, except share and per share data)

	March 31, 2015	December 31, 2014
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 109	\$ 214
Deferred funding fees, net	99	—
Prepaid expenses and other current assets	403	198
Total current assets	611	412
Restricted cash	204	204
Property and equipment, net	165	145
Intangible assets, net	10,277	1,497
Total assets	\$ 11,257	\$ 2,258
<u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,470	\$ 3,502
Accounts payable - Regenicin	—	2,550
Related party liabilities and accrued interest	254	252
Accrued interest	54	25
Note Payable	2,850	—
Total current liabilities	7,628	6,329
Total liabilities	7,628	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 March 31, 2015 and December 31, 2014	—	—
Series B, \$0.001 par value, 3,000,000 shares designated, -0- shares issued and outstanding as of March 31, 2015 and December 31, 2014	—	—
Series C, \$0.001 par value, 750,000 shares designated, 750,000 shares issued and outstanding as of March 31, 2015 and December 31, 2014	1	1
Series D, \$1,000 stated value; 1,300 shares designated; 750 and 1,299 issued and outstanding as of March 31, 2015 and December 31, 2014, respectively; aggregate liquidation preference of \$750	675	1,169
Series E, \$1,000 stated value; 7,779 shares designated, 7,277 and 4,500 issued and outstanding as of March 31, 2015 and December 31, 2014 respectively; aggregate liquidation preference of \$7,277	6,550	4,050
Common stock, \$0.001 par value, 2,000,000,000 authorized as of March 31, 2015 and December 31, 2014; 1,012,107,678 and 842,190,750 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively	1,010	842
Additional paid-in capital	57,984	45,050
Accumulated deficit	(62,591)	(55,183)
Total stockholders' equity (deficit)	3,629	(4,071)
Total liabilities and stockholders' equity (deficit)	\$ 11,257	\$ 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 March 31,	
	2015	2014
Net sales	\$ —	\$ —
Operating expense:		
Research and development	2,477	517
General and administrative	4,061	1,119
	<u>6,538</u>	<u>1,636</u>
Loss from operations	(6,538)	(1,636)
Other income (expense):		
Interest expense	(42)	(638)
Loss on issuance of common stock	—	(67)
Loss on issuance of warrants	—	(3,867)
Change in fair value of warrants and derivative liabilities	—	666
Total other income (expense)	<u>(42)</u>	<u>(3,906)</u>
Net loss	(6,580)	(5,542)
Preferred stock dividends	828	26
Net loss applicable to common shareholders	<u>\$ (7,408)</u>	<u>\$ (5,568)</u>
Basic and diluted net loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Basic and diluted weighted average common shares outstanding	<u>1,084,768,816</u>	<u>630,720,618</u>

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 Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			
Balances as of December 31, 2014	755,799	\$ 5,220	842,190,750	\$ 842	\$ 45,050	\$ (55,183)	\$ (4,071)
Common stock issued for services	—	—	1,354,269	1	105	—	106
Common stock issued for acquisition of DioGenix	—	—	99,378,881	99	7,851	—	7,950
Common stock sold	—	—	38,445,801	38	2,781	—	2,819
Common stock issued for funding fees	—	—	493,436	1	(1)	—	—
Sale of Series E preferred stock	3,278	2,950	—	—	—	—	2,950
Common stock issued for Series D convertible preferred stock dividend	—	—	1,172,911	1	34	(9)	26
Common stock issued for Series E convertible preferred stock dividend	—	—	3,260,730	3	234	(172)	65
Series E accretion of beneficial conversion feature as deemed dividend	—	—	—	—	440	(440)	—
Series D stock conversion	(549)	(494)	18,310,900	18	476	—	—
Series E stock conversion	(500)	(450)	6,250,000	6	444	—	—
Common stock issued as fee for debt financing arrangement	—	—	1,250,000	1	101	—	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	<u>758,028</u>	<u>\$ 7,226</u>	<u>1,012,107,678</u>	<u>\$ 1,010</u>	<u>\$ 57,984</u>	<u>\$ (62,591)</u>	<u>\$ 3,629</u>

See notes to condensed consolidated financial statements.

Amarantus Bioscience Holdings, Inc
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities		
Net loss	\$ (6,580)	\$ (5,542)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	19	1
Amortization of debt discount	—	500
Amortization of deferred financing fees	—	96
Amortization of intangible assets	32	24
Stock issued for services	106	184
Non cash financing expense	14	—
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	—	(666)
Stock-based compensation expense	488	202
Changes in assets and liabilities:		
Related party liabilities and accrued interest	—	1
Clinical trial material	—	(500)
Prepaid expenses and other current assets	(62)	(25)
Accounts payable and accrued expenses	(1,851)	560
Accrued interest	29	(60)
Net cash used in operating activities	<u>(7,805)</u>	<u>(1,259)</u>
Cash flows from investing activities		
Acquisition of DioGenix	(900)	—
Acquisition of other assets	—	(500)
Acquisition of property and equipment	(1)	(9)
Net cash used by investing activities	<u>(901)</u>	<u>(509)</u>
Cash flows from financing activities		
Proceeds from borrowings	2,850	500
Financing Costs	(19)	—
Proceeds from issuance of common stock	2,820	400
Proceeds from exercise of warrants	—	3,600
Proceeds from issuance of convertible preferred stock	2,950	—
Net cash provided by financing activities	<u>8,601</u>	<u>4,500</u>
Net increase in cash and cash equivalents	(105)	2,732
Cash and cash equivalents		
Beginning of period	214	1,033
End of period	<u>\$ 109</u>	<u>\$ 3,765</u>

See notes to condensed consolidated financial statements.

Amarantus Bioscience Holdings, Inc
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS, continued
(Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2015	2014
Supplemental schedule of non-cash activities:		
Common stock issued as fee for debt financing arrangement	\$ 102	\$ —
Common stock issued for Series D preferred dividend	\$ 35	\$ —
Common stock issued for Series E preferred dividend	\$ 237	\$ —
Common stock issued for Series D preferred conversion	\$ (9)	\$ —
Common stock issued for Series E preferred conversion	\$ (172)	\$ —
Series D preferred stock dividend accrued	\$ (15)	\$ —
Series E preferred stock dividend accrued	\$ (192)	\$ —
Convertible debentures converted and associated reclassification of derivative liabilities	\$ —	\$ 7,778
Debt discount written off - associated with convertible promissory notes	\$ —	\$ (1,740)
Stock issued for deferred funding fees	\$ —	\$ 516
Stock issued for convertible debt	\$ —	\$ 11

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 in for Alzheimer's disease, Parkinson's disease and ophthalmological disorders. Through March 31, 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 March 31, 2015, the Company had cash and cash equivalents of \$109. On April 23, 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 1,087 shares of our newly designated Series G Preferred Stock ("Series G Preferred Stock") for gross proceeds of \$5,000 and an 8% original issue discount. Historically, 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 99,378,881 shares of Company stock valued at \$0.08 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 March 31, 2014
Net Sales	\$ —
Operating Expenses	2,229
Loss from operations	\$ (2,229)
Total other (expenses)	(4,023)
Net loss	\$ (6,252)
Basic and diluted net loss per common share	\$ (0.01)
Basic and diluted weighted average common shares outstanding	630,720,618

Condensed Consolidated Statement of Operations shows a consolidated net loss of \$6,580 for the first quarter of 2015 and 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 Amaranthus common stockholders for the periods indicated:

	Three Months Ended March 31,	
	2015	2014
Numerator		
Net loss	\$ (6,580)	\$ (5,542)
Preferred stock dividend	828	26
Net loss applicable to common stockholders	<u>\$ (7,408)</u>	<u>\$ (5,568)</u>
Denominator		
Common stock - basic	959,737,290	630,720,618
Common shares equivalents ⁽¹⁾	125,031,526	—
Weighted average shares outstanding during the period:	<u>1,084,768,816</u>	<u>630,720,618</u>
Net loss per share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>

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

Potentially dilutive securities:		
Outstanding common stock options ⁽²⁾	56,916,000	18,296,000
Outstanding preferred stock option ⁽²⁾	2,488,000	2,488,000
Warrants ⁽²⁾	45,861,000	69,553,000
Related party liability ⁽²⁾	5,070,000	3,214,000
Convertible promissory note(s) ⁽²⁾	—	5,655,000
8% Senior convertible debentures	—	8,776,000
Convertible preferred stock ⁽²⁾	750,000	750,000

(2) The impact of stock options, warrants, convertible debt instruments and convertible preferred stock that does 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	
	March 31, 2015	December 31, 2014
Intangibles - Acquisition Diogenix (Preliminary IPRD)	\$ 8,812	\$ —
Licenses	1,685	1,685
Accumulated amortization of licenses	(220)	(188)
Total licenses net	1,465	1,497
Total intangible assets	<u>\$ 10,277</u>	<u>\$ 1,497</u>

These license costs will be amortized over the expected remaining lives of the respective patents. As of March 31, 2015, amortization expense for the next five years is expected to be as follows:

2015 (remaining nine months)	\$	96
2016		128
2017		128
2018		128
2019		128
thereafter		857
Total	\$	<u>1,465</u>

6. DEMAND PROMISSORY NOTE

On February 23, 2015, the Company entered into a Securities Purchase Agreement with Dominion Capital pursuant to which the Company issued a 12% Promissory Note (the "February Note") in the principal amount of \$2,500 due and payable on December 23, 2015 in cash or stock or a combination at the Company's option. At any time upon ten (10) days written notice to Dominion Capital, the Company may prepay any portion of the principal amount of the February Note and any accrued and unpaid interest at an amount equal to 110% of the then outstanding principal amount of the February Note and guaranteed interest, 10% of which may be paid in cash or, at the Company's option, in common stock or a combination thereof.

The February Note contains certain customary Events of Default (including, but not limited to, default in payment of principal or interest thereunder, breaches of covenants, agreements, representations or warranties thereunder, the occurrence of an event of default under certain material contracts of the Company, including the transaction documents relating to the Note transaction, changes in control of the Company and the entering or filing of certain monetary judgments against the Company). Upon the occurrence of any such Event of Default the outstanding principal amount of the February Note, plus accrued but unpaid interest, liquidated damages, and other amounts owing in respect thereof through the date of acceleration, shall become, at the Investor's election, immediately due and payable in cash. Upon any Event of Default that results in acceleration of the February Note, the interest rate on the Note shall accrue at an interest rate equal to the lesser of 24% per annum or the maximum rate permitted under state law at the time of the default.

In connection with the February Note Transaction, effective on February 23, 2015, the Company entered into a Security Agreement with the Investor (the "Security Agreement") pursuant to which the Company granted a security interest in certain of its property (the "Collateral") to Dominion Capital in order to secure the prompt payment, performance and discharge in full of all of the Company's obligations under the Note. The Collateral shall consist of all of 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 1,250,000 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.

On March 31, 2015, the Company issued an additional Note to Dominion in the principal amount of \$350. The March Note was issued upon the same terms and conditions as the February Note.

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)	\$	239
2016		150
Total	\$	<u>389</u>

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 and will pay the following additional amounts to Lonza until the earlier of such time as the Option is exercised or August 31, 2015:

- \$400 on April 30, 2015 for the option period of April 1, 2015 to April 30, 2015,
- \$600 on May 31, 2015 for the option period of May 1, 2015 to May 31, 2015,
- \$600 on June 30, 2015 for the option period of June 1, 2015 to June 30, 2015 and
- \$600 on July 31, 2015 for the option period of July 1, 2015 to July 31 2015

If the Company exercises the Option and consummates the SPA prior to any option payment being due, then no further payment(s) shall be required. In the event the SPA is not consummated, then the Company will incur a \$1,000 break-up fee payable to Lonza.

Regenicin Asset Purchase Agreement

The second step in the acquisition of ESS required the Company to enter into an Asset Purchase Agreement (the "Regenicin APA") with Regenicin, Inc. ("Regenicin") and other interested parties under which the Company agreed to acquire certain assets of Regenicin (the "Assets"), including (i) rights to a lawsuit that Regenicin brought against Lonza (the "Litigation"), and (ii) all intellectual property rights held by Regenicin related to any engineered skin technology for the treatment of severe burns in humans, including any related trademarks. The Regenicin APA was executed October 27, 2014. As consideration to Regenicin, the Company agreed to pay to Regenicin a total of \$3,600 and 37,500,000 shares of Amaranthus common stock. The shares were issued to Regenicin in November 2014 (valued at approximately \$3,000), along with cash payments of \$1,100. The remaining cash payments of \$2,500 due to Regenicin under the Regenicin APA were paid by the end of February 2015. The asset purchase was recorded at its fair value as in-process research and development expense in the statement of operations.

Compensatory Arrangements of Certain Officers:

Gerald E. Commissiong:

Effective October 6, 2014, the Company entered into an employment letter with Gerald E. Commissiong pursuant to the employment letter Mr. Commissiong will continue to serve as the Company's President and Chief Executive Officer.

Pursuant to the Employment Letter, Mr. Commissiong shall be entitled to an initial base salary ("Base Salary") of \$225 per year, which shall automatically increase to \$338 per year upon the Company becoming listed on the NASDAQ Stock Market. In addition to the Base Salary, Mr. Commissiong shall be eligible for a performance bonus of up to 35% of his Base Salary, which shall be based upon certain milestones set by the Company's Board of Directors in their sole discretion. The Employment Letter provides for the payment of a signing bonus of \$50, which was paid in 2014.

In addition, pursuant to the Employment Letter, the Company granted Mr. Commissiong stock options to purchase five million (5,000,000) shares of the Company's common stock at a per share price equal to fair market value on the date of the grant, subject to a four year vesting schedule as described in the Employment Letter.

Mr. Commissiong's employment with the Company will be "at will". Should Mr. Commissiong's employment with the Company be terminated by the Company for a reason other than for "Cause" (as defined in the Employment Letter) or Mr. Commissiong terminates his employment with the Company for "Good Reason" (as defined in the Employment Letter), Mr. Commissiong shall, upon execution of a release agreement with the Company, be entitled to receive as severance: (i) one year of his then Base Salary to be paid in the form of monthly salary continuation, (ii) one year of continued coverage under the Company's health care benefit package, (iii) a full performance bonus equal to 35% of his then Base Salary, and (iv) immediate acceleration of 25% of all outstanding unvested equity awards then held by Mr. Commissiong.

Should Mr. Commissiong's employment with the Company be terminated by the Company for a reason other than for "Cause" or Mr. Commissiong terminates his employment with the Company for "Good Reason" in connection with or during the twelve (12) month period immediately following the effective date of a "Change in Control" (as defined in the Employment Letter), and provided such termination constitutes a "separation from service" as that term is defined pursuant to the Treasury Regulation Section 1-409A-1(h), in addition to the severance package as described above, Mr. Commissiong shall be entitled to have all outstanding unvested equity awards then held by Mr. Commissiong become fully vested and, if applicable, exercisable.

John W. Commissiong, PhD:

Effective December 31, 2014 the Company entered into an employment letter with John W. Commissiong, PhD, pursuant to the employment letter Dr. Commissiong will continue to serve as the Company's Chief Scientific Officer, with an initial term of one year. After the initial term Dr. Commissiong's employment with the Company shall be on an "at will" basis.

Dr. Commissiong's initial annual base salary shall be \$175 per year, upon the Company's "up-listing" to a National Listing, his annual Base Salary will immediately be increased to \$266. Mr. Commissiong also will receive the Company's standard employee benefits.

Additionally, Dr. Commissiong will be eligible to earn a discretionary Performance Bonus of up to 30% of his base salary. This Performance Bonus is conditioned upon satisfaction, in the Company's sole discretion, of the Performance Bonus Conditions to be proposed by the CEO and agreed with the Company Compensation Committee.

The Company also provided Dr. Commissiong you with a Signing Bonus of \$10, less standard deductions and withholdings, within ten (10) days of execution of the Employment Agreement.

In addition, the Company will grant Dr. Commissiong a stock option to purchase 3,500,000 shares of the Company's Common Stock at a price per share equal to the fair market value per share of the Common Stock on the date of grant, as determined by the Company's Board of Directors.

8. EQUITY

Private Placement of Common Stock

During the first quarter of 2015 under the Lincoln Park Capital Fund LLC financing arrangement the Company sold 38,445,801 common shares and issued 493,436 common shares as a commitment fee for a total of \$2,819. \$14,506 funding remains available under the financing arrangement as of March 31, 2015.

Series D Preferred Stock

During the first quarter of 2015, 549 shares of Series D preferred stock were converted to 18,310,900 common shares, and 306,693 shares of common stock were issued as a dividend due upon conversion.

Subsequent to March 31, 2015, 400 shares of Series D preferred stock were converted to 13,333,332 common shares.

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 6,250,000 common shares, and 2,375,204 shares of common stock were issued as a dividend due upon conversion.

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 \$0.08 to \$0.05.
- Issued 30,000,000 Company restricted common shares to existing investors as of April 2, 2015.

Subsequent to March 31, 2015 the Company issued 444 shares of Series E preferred stock for \$360.

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 46,119,832 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	21,596,127	\$ 0.08	8.8	\$ 47
Options granted (weighted-average fair value of \$0.08)				
Employee (1)	—	—	—	—
Non-employee	—	—	—	—
Options cancelled	(1,500,000)	0.10	—	—
Options exercised	—	—	—	—
Balance March 31, 2015	<u>20,096,127</u>	<u>\$ 0.08</u>	<u>8.6</u>	<u>\$ 17</u>
Options vested as of March 31, 2015	<u>15,035,635</u>			

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 (Years)	Aggregate Intrinsic Value (\$000)
Balance – December 31, 2014	2,487,500	\$ 0.61	8.1	\$ 6,836
Preferred options cancelled	—	—	—	—
Preferred options granted (weighted-average fair value of \$1.61)				
Employee	—	—	—	—
Non-Employee	—	—	—	—
Balance – March 31, 2015	<u>2,487,500</u>	<u>\$ 0.61</u>	<u>7.6</u>	<u>\$ 4,714</u>
Preferred options vested as of March 31, 2015	<u>2,154,036</u>			

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 153,880,168 common shares in the form 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)
Balance – December 31, 2014	8,600,000	\$ 0.09	9.8
Options granted (weighted-average fair value of \$0.08)			
Employee	24,970,000	0.08	9.1
Non-Employee	2,250,000	0.08	0.8
Options cancelled	—	—	—
Options Exercised	—	—	—
Balance March 31, 2015	<u>35,820,000</u>	<u>\$ 0.08</u>	<u>9.7</u>
Options vested as of March 31, 2015	<u>4,816,181</u>		

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

	Three Months Ended March 31,	
	2015	2014
Research and development	\$ 184	\$ 78
General and administrative	304	124
Total	<u>\$ 488</u>	<u>\$ 202</u>

At March 31, 2015, there was a total of approximately \$3,089 of unrecognized compensation cost, related to non-vested stock option awards, which is expected to be recognized over a weighted-average period of approximately 2.9 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 three months ended March 31, 2015 and 2014 were estimated using the Black-Scholes option-pricing model with the following assumptions:

	Three Months Ended March 31,	
	2015	2014
Weighted-average volatility	262%	89.2%
Weighted-average expected term	9.98	5
Expected dividends	0%	0%
Risk-free investment rate	1.65%	1.65%

10. SUBSEQUENT EVENTS

Series G Preferred Stock

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 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.

Holders of the Series G Preferred Stock are entitled to cumulative dividends in the amount of 8.25% per annum, payable upon redemption or upon conversion and when, as and if declared by the Board of Directors in its discretion. Dividends are payable through the sixth anniversary of the issuance date. On the sixth anniversary of the issuance date, all remaining outstanding shares of Series G Preferred Stock will automatically be converted into shares of common stock.

The Series G Preferred Stock is convertible into shares of the Company's common stock at a fixed conversion price of \$0.06 per share of common stock. The Series G Preferred Stock may be converted into shares of common stock at any time at the option of the holder. The Series G Preferred Stock may also be converted into shares of common stock at the option of the Company if the Equity Conditions, as defined in the Certificate of Designation, are met. Upon conversion, the Company shall pay the holders of the Series G Preferred Stock being converted a conversion premium equal to the amount of dividends that such shares would have otherwise earned if they had been held through the maturity date, and issue to the Investor such number of shares of common stock equal to \$5,000 per share of Series G Preferred Stock (the “Face Value”) multiplied by the number of Series G Preferred Stock divided by the conversion rate of \$0.06.

The conversion premium may be paid in cash or, at the Company's option, additional shares of common stock. If the Company elects to pay the conversion premium amount in the form of common stock the number of shares to be issued shall be calculated by using 80% of the average of the lowest 5 individual daily volume weighted average prices during the measuring period, not to exceed 100% of the lowest sales prices on the last day of such period, less \$0.005 per share of common stock. Under certain circumstances, the number of shares to be issued shall be calculated by using 65% of the average of the lowest 5 individual daily volume weighted average prices during the measuring, less \$0.005 per share of common stock not to exceed 70% of the lowest sales prices on the last day of such period less \$0.005 per share. The Certificate of Designations describes these circumstances which include, but are not limited to, the breach of any covenant or representation in the SPA, the Certificate of Designations or any other transaction documents, and the suspension of trading of the Company's common stock on its principal trading market.

The dividend rate on the Series G Preferred Stock shall adjust upward by 150 basis points for each \$0.0025 that the volume weighted average price of the Company's common stock on any trading day as of which the dividend rate is determined and calculated is below \$0.045, subject to a maximum dividend rate of 24%. The dividend rate on the Series G Preferred Stock shall adjust downward by 150 basis points for each \$0.0025 that the volume weighted average price of our common stock on any trading day as of which the dividend rate is determined and calculated is above \$0.08, subject to a minimum dividend rate of 0%.

The Company will have the right, at its option, to redeem for cash all or a portion of the Series G Preferred Stock at a price 100% of the Face Value plus the conversion premium less any period for which dividends have previously been paid with respect to the Series G Preferred Stock being redeemed. Upon the listing of the Company's common stock on a senior exchange, the Company may redeem the outstanding Series G Preferred Stock at 120% of the Face Value.

Upon the liquidation, dissolution or winding up, holders of Series G Preferred Stock will be entitled to be paid out of the Company's assets, on parity with holders of our common stock and our Preferred Stock, an amount equal to \$5,000 per share plus any accrued but unpaid dividends thereon.

Pursuant to the terms of the SPA, the Company has agreed to include the shares into which the Series G Preferred Stock are convertible in a registration statement on S-3 to be filed on or before May 5, 2015, and to have such registration statement remain effective until all of the Conversion Shares may be resold under Rule 144, without volume or manner restrictions. If the registration statement is not declared effective within 90 days of the closing date of the SPA, the Company shall issue to the investor 22 additional Series G Preferred Stock for each 30 day period until the Conversion Sales may be sold without restriction. The S-3 was filed on May 4, 2015.

The SPA also provides certain trading restrictions in the event of a reverse split or combination of the Company's shares of common stock and restrictions on subsequent financings in the six months following the closing date. The SPA also contains shorting restrictions on the Investor.

The Company is currently evaluating the accounting treatment and disclosures to be implemented in its financial statements and notes for the Series G preferred stock.

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 other drug discovery division.

Diagnosics 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 neurotrophic 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 the Company's 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. The Company has 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 Amaranthus 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 March 2015, 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 the Company's Chief Scientific Officer, Dr. John Commissiong. By manufacturing MANF and administering it to the body, Amaranthus is seeking to use a regenerative medicine approach to assist the body with higher quantities of MANF when needed. Amaranthus 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.

Option to Acquire Additional Product Candidate - 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. Upon execution of our option to acquire ESS, we anticipate initiating, during the second 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.

Other

Exploration of the Company's PhenoGuard platform for neurotrophic factor discovery and discovery and evaluation of external drug candidates for potential in-licensure or acquisition.

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

The Three Months Ended March 31, 2015 compared to Three Months Ended March 31, 2014

During the three months ended March 31, 2015 and 2014, we generated no revenue.

Research and development costs for the three months ended March 31, 2015 (the “Current Quarter”) increased \$1,960 to \$2,477 from \$517 for the three months ended March 31, 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 \$2,942 to \$4,061 for the Current Quarter from \$1,119 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 \$3,864 to an expense of \$42 from \$3,906 in the Prior Year Quarter. Interest expense and loss on issuance of warrants decreased \$596 and \$3,867, respectively.

Net loss for the Current Quarter was \$6,580 as compared to a net loss of \$5,542 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 the Company.

Liquidity and Capital Resources

As of March 31, 2015, the Company had total current assets of \$611 consisting of \$109 in cash and cash equivalents and \$403 in prepaid expenses and other current assets, and \$99 in deferred funding fees. As of March 31, 2015, the Company had current liabilities in the amount of \$7,628 consisting of:

Accounts payable and accrued expenses	\$	4,470
Related party liabilities and accrued interest	\$	254
Accrued interest	\$	54
Demand promissory note	\$	2,850

As of March 31, 2015, the Company had a working capital deficit in the amount of \$7,017 compared to a deficit of \$5,917 at December 31, 2014. The increase in the working capital deficit is primarily driven the increase in short term financing.

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

	Three Months Ended March 31,	
	2015	2014
Net cash (used in) operating activities	\$ (7,805)	\$ (1,259)
Net cash (used in) investing activities	(901)	(509)
Net cash provided by financing activities	8,601	4,500
Net increase (decrease) in cash and cash equivalents	\$ (105)	\$ 2,732

On April 23, 2015, we entered into a Stock Purchase Agreement (“SPA”) with Discover Growth Fund, a Cayman Islands exempted mutual fund (“Discover”), pursuant to which the we sold and issued 1,087 shares of our newly designated Series G Preferred Stock (“Series G Preferred Stock”) for gross proceeds of \$5,000,000 and an 8% original issue discount.

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. Should our revenues be less than anticipated, or should our expenses be greater than anticipated, then we may seek to obtain business capital through the use of private and public equity fundraising or shareholder loans. There can be no assurance that such additional financing will be available to us on acceptable terms, or at all. Similarly, there can be no assurance that we will be able to generate sufficient revenue to cover the costs of our business operations. We will 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

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 March 31, 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 March 31, 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 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.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is not currently involved in any litigation that it believes could have a material adverse effect on its financial conditions and result of operations.

Item 2. Unregistered Sales of Equity Securities

Recent Sales of Unregistered Securities

On January 2, 2015 the Company issued 1,751,744 shares of the Company's restricted common stock as consideration for a dividend payment

On January 9, 2015 the Company issued 99,378,881 shares of the Company's restricted common stock as payment for acquisition of Diogenix, Inc.

On February 19, 2015 the Company issued 1,354,269 shares of the Company's restricted common stock as consideration for services provided.

On February 23, 2015 the Company issued 1,250,000 shares of the Company's restricted common stock as part of the consideration for entering into a Securities Purchase Agreement with an institutional investor.

On March 4, 2015 the Company issued 2,375,204 shares of the Company's restricted common stock as consideration for a dividend payment

On March 11, 2015 the Company issued 152,989 shares of the Company's restricted common stock as consideration for a dividend payment

On March 25, 2015 the Company issued 153,704 shares of the Company's restricted common stock as consideration for a dividend payment

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. Defaults upon Senior Securities

None

Item 4. 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

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: May 19, 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)

CERTIFICATIONS

I, Gerald E. Commissiong, certify that:

- 1) I have reviewed this annual report on Form 10-Q of Amaranthus Bioscience Holdings, Inc.
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions);
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 19, 2015

/s/ GERALD E. COMMISSIONG
Gerald E. Commissiong
Chief Executive Officer

CERTIFICATIONS

I, Robert Farrell, certify that:

- 1) I have reviewed this annual report on Form 10-Q of Amaranthus Bioscience Holdings, Inc.
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions);
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 19, 2015

/s/ ROBERT FARRELL

Robert Farrell

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of **Amarantus BioScience Holdings, Inc.** (the "Company") on Form 10-Q for the period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerald E. Commissiong, as Chief Executive Officer and Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 19, 2015

/s/ GERALD E. COMMISSIONG

Gerald E. Commissiong

Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Robert Farrell, the Chief Financial Officer of Amaranthus BioScience Holdings, Inc. (the "Company"), hereby certify, that, to my knowledge:

1. The Annual Report on Form 10-Q for the year ended March 31, 2015 (the "Report") of the Company fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: : May 19, 2015

/s/ ROBERT FARRELL
Robert Farrell
Chief Financial Officer
(Principal Financial Officer)
