UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **June 30, 2012**

[ ] Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to __________

Commission File Number: **333-148922**

Amarantus BioSciences, Inc..
(Exact name of registrant as specified in its charter)

Delaware	**26-0690857**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
675 Almanor Ave., Sunnyvale, CA	**94085**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(408) 737-2734**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days [X] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). [X] Yes [ ] No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

[ ] Large accelerated filer Accelerated filer [ ] Non-accelerated filer
[X] 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 [X] No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 108,241,988 common shares as of August 17, 2012.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our financial statements included in this Form 10-Q are as follows:

F-1	Consolidated Balance Sheets (Unaudited) as of June 30, 2012 and December 31, 2011;
F-2	Consolidated Statements of Operations (Unaudited) for the three and six months ended June 30, 2012 and June 30, 2011 and for the period from January 14, 2008 (Date of Inception) to June 30, 2012;
F-3	Consolidated Statements of Cash Flows (Unaudited) for the six months ended June 30, 2012 and June 30, 2011 and for the period from January 14, 2008 (Date of Inception) to June 30, 2012;
F-4	Notes to Consolidated Financial Statements

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-Q. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended June 30, 2012 are not necessarily indicative of the results that can be expected for the full year.

AMARANTUS BIOSCIENCES, INC.
(A Development Stage Company)
BALANCE SHEETS (UNAUDITED)
AS OF JUNE 30, 2012 AND DECEMBER 31, 2011

	June 30, 2012	December 31, 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,648	$ 870
Prepaid expenses and other current assets	546,931	335,498
Total current assets	553,579	336,368
PROPERTY AND EQUIPMENT - Net	12,581	18,389
OTHER ASSETS	419,643	—
TOTAL ASSETS	$ 985,803	$ 354,757
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	$ 2,434,137	$ 2,052,764
Accrued liabilities	125,167	77,208
Related Party liabilities	222,230	222,230
Note Payable	150,000	150,000
Current portion of warrant liability	254,855	281,143
Current portion of derivative liability	97,082	45,180
Current portion of convertible promissory notes	1,168,819	714,261
Total current liabilities	4,452,290	3,542,786
STOCK WARRANT LIABILITY	—	2,788
DERIVATIVE LIABILITY – Net of current portion	—	95,526
CONVERTIBLE PROMISSORY NOTES - Net of current portion	—	63,600
Total liabilities	4,452,290	3,704,700
COMMITMENTS AND CONTINGENCIES (Note 9)	—	—
STOCKHOLDERS' DEFICIT:		
Convertible preferred stock, $0.001 par value - authorized, 10,000,000 shares, 250,000 shares designated as Series A, par value $0.001, 250,000 shares issued and outstanding as of June 30, 2012 and none as of December 31, 2011	250	—
Common stock, $0.001 par value - authorized 250,000,000 shares; issued and outstanding 106,979,345 shares at June 30, 2012 and, 80,836,592 shares at December 31, 2011	106,979	80,937
Additional paid-in capital	5,465,371	3,295,549
Deficit accumulated during the development stage	(9,039,087)	(6,726,429)
Total stockholders' deficit	(3,466,487)	(3,349,943)
TOTAL	$ 985,803	$ 354,757

See notes to financial statements.

AMARANTUS BIOSCIENCES, INC.
(A Development Stage Company)
STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2012 AND 2011, AND
FOR THE PERIOD FROM JANUARY 14, 2008 (DATE OF INCEPTION) TO JUNE 30, 2012

	(Unaudited) Three Months Ended June 30 , 2012	(Unaudited) Three Months Ended June 30 , 2011	(Unaudited) Six Months Ended June 30 , 2012	(Unaudited) Six Months Ended June 30 , 2011	(Unaudited) (Date of Inception) to June 30, 2012
NET REVENUES	$ —	$ —	$ —	$ 178,308	$ 415,996
OPERATING EXPENSES:					
Research and development	359,829	522,416	435,745	765,486	2,041,532
General and administrative	574,853	562,914	1,864,702	975,506	6,309,148
Total costs and expenses	934,682	1,085,330	2,300,447	1,740,992	8,350,680
LOSS FROM OPERATIONS	(934,682)	(1,085,330)	(2,300,447)	(1,562,684)	(7,934,684)
INTEREST & OTHER INCOME (EXPENSE)					
Interest Expense	(111,932)	(166,477)	(217,382)	(230,345)	(1,428,557)
Other Income (Expense)	—	—	—	—	87,685
Change in fair value of warrant & derivative liabilities	51,287	125,137	205,171	163,181	602,339
Total interest & other income (expense)	(60,645)	(41,340)	(12,211)	(67,164)	(738,533)
NET LOSS	$ (995,327)	$ (1,126,670)	$ (2,312,658)	$ (1,629,848)	$ (8,673,217)
NET LOSS PER SHARE, BASIC	$ (0.01)	$ (0.02)	$ (0.02)	$ (0.03)	—
COMMON SHARES OUTSTANDING - BASIC	101,415,191	54,930,650	94,635,577	60,536,263	

See notes to financial statements.

AMARANTUS BIOSCIENCES, INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011, AND
FOR THE PERIOD FROM JANUARY 14, 2008 (DATE OF INCEPTION) TO JUNE 30, 2012

	(Unaudited) Six Months Ended June 30, 2012	(Unaudited) Six Months Ended June 30, 2011	(Unaudited) Period From January 14, 2008 (Date of Inception) to June 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss for the period	$ (2,312,658)	$ (1,629,848)	$ (8,673,217)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	5,808	11,180	31,562
Gain on disposal of equipment	—	—	(3,750)
Stock-based compensation	1,400,760	83,603	2,082,186
Non-cash interest expense related to warrants and derivatives	—	—	763,316
Non-cash interest expense related to convertible notes	158,206	204,104	158,206
Change in fair value of warrant and derivative liabilities	(205,171)	363,478	(597,571)
Gain on settlement of convertible note and warrants	—	—	(137,632)
Changes in operating assets and liabilities:			
Prepaid expenses and other current assets	(84,721)	(80,382)	(420,219)
Accounts payable	720,128	512,485	2,926,668
Accrued liabilities	50,578	51,294	168,128
Related party liabilities	—	(65,232)	(143,640)
Net cash used in operating activities	(267,070)	(549,318)	(3,845,963)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	—	(23,581)	(40,392)
Net cash used in investing activities	—	(23,581)	(40,392)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings	272,848	527,500	1,530,396
Repayment of borrowings	—	—	(100,000)
Proceeds from issuance of common stock	—	—	1,797,941
Proceeds from the issuance of stock options	—	—	200,818
Proceeds from issuance of convertible preferred stock	—	—	540,000
Costs of financings	—	—	(76,187)
Proceeds from sale of warrant	—	—	35
Net cash provided by financing activities	272,848	527,500	3,893,003
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,778	(45,399)	6,648
CASH AND CASH EQUIVALENTS - Beginning of period	870	47,521	—
CASH AND CASH EQUIVALENTS - End of period	$ 6,648	$ 2,122	$ 6,648
NONCASH INVESTING AND FINANCING ACTIVITIES:			
Exchange of convertible promissory notes for preferred stock	$ —	$ —	$ 195,342
Issuance of warrants to investors	$ —	$ —	$ 371,180
Bifurcation of derivatives embedded in convertible notes	$ —	$ —	$ 548,053
Preferred stock warrants reclassified from liabilities to equity	$ 2,032	$ —	$ 39,142
Issuance of convertible notes in lieu of payment of payable	$ 284,313	$ —	$ 438,090
Dividend to founder for assumption of debts	$ —	$ —	$ 365,870

See notes to financial statements.

AMARANTUS BIOSCIENCES, INC.

NOTES TO FINANCIAL STATEMENTS

1. GENERAL

Amarantus BioSciences, Inc. (the "Company") was incorporated on January 14, 2008 in the state of Delaware. The Company is a development stage biopharmaceutical drug development company dedicated to discovering and sourcing high-potential bioscience platform technologies and developing them towards commercialization. Through June 30, 2012, the Company has been primarily engaged in biotechnology research and development and raising capital.

2. DEVELOPMENT STAGE 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. Accordingly, the Company is considered to be in the development stage as of June 30, 2012, as defined by the Financial Accounting Standard Board, or FASB, Accounting Standard Codification, or ASC 915. 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. As of June 30, 2012, the Company has been funded by 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.

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, 2012, the Company had cash and cash equivalents of $6,648. During the three months ended June 30, 2012, the Company incurred a net loss of $995,327 and had negative cash flows from operating activities of $267,070. In addition, the Company had an accumulated deficit of $9,039,087 at June 30, 2012. 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 or equity financings. Management plans to seek additional debt and/or equity financing for the Company 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 this uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

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Certain Significant Risks and Uncertainties - The Company participates in a global dynamic highly competitive industry and believes that changes in any of the following areas could have a material adverse effect on the Company's future financial position, results of operations, or cash flows: ability to obtain future financing; advances and trends in new technologies and industry standards; regulatory approval and market acceptance of the Company's products; development of the necessary manufacturing capabilities and to obtain adequate resources of necessary materials; development of sales channels; certain strategic relationships; litigation or claims against the Company based on intellectual property, patent, product, regulatory, or other factors; and the Company's ability to attract and retain employees necessary to support its growth.

Concentration of Credit Risk - Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. The Company places its cash and cash equivalents with domestic financial institutions that are federally insured within statutory limits.

Cash and Cash Equivalents - The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment - Property and equipment are stated at cost and are depreciated on a straight-line basis over their estimated useful lives as follows:

Equipment	3 years
Computer equipment	2 years
Furniture and fixtures	3 years

The Company reviews the carrying value of long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. There have been no such impairments.

Property and equipment at June 30, 2012 and December 31, 2011, consisted of the following:

	June 30, 2012	December 31, 2011
Equipment	$ 34,851	$ 34,851
Computer equipment	3,179	3,179
Furniture and fixtures	2,363	2,363
	40,393	40,393
Less accumulated depreciation	(27,812)	(22,004)
Property and equipment - net	$ 12,581	$ 18,389

	June 30, 2012	June 30, 2011
Depreciation Expense:		
Three months ended	$ 2,904	$ 4,056
Six months ended	5,809	7,020
Inception to Date	31,562	

Revenue Recognition - The Company recognizes revenue when the earnings process is complete, which under SEC Staff Accounting Bulletin No. 104, Topic No. 13, "Revenue Recognition" ("SAB 104"), is when revenue is realized or realizable and earned, there is persuasive evidence a revenue arrangement exists, delivery of goods or services has occurred, the sales price is fixed or determinable, and collectability is reasonably assured.

The Company accounts for milestones related to research and development activities in accordance with the milestone method of revenue recognition of Accounting Standards Codification Topic 605-28, under which consideration contingent on the achievement of a substantive milestone is recognized in its entirety in the period when the milestone is achieved. A milestone is considered to be substantive when it meets all of the following criteria: the milestone is commensurate with either the performance required to achieve the milestone or the enhancement of the value of the delivered items resulting from the performance required to achieve the milestone; the milestone relates solely to past performance; and, the milestone is reasonable relative to all of the deliverables and payment terms within the agreement.

To date, the Company has only received research grant revenue and contract revenue. Research grant revenue and contract revenue is recognized as the Company provides the services stipulated in the underlying agreement based on the time and expenditures incurred, and all milestones required in the agreement have been met. Amounts received in advance of services provided are recorded as deferred revenue and amortized as revenue when the services are provided and the milestones are met. The Company received and recognized total research grant revenue of $-0- for both the three months ended June 30, 2012 and 2011, respectively, as the Company incurred all of the qualifying expenses and all applicable milestones were met. See Note 5 to the financial statements for further information on the research grant revenue received and recognized to date.

Research and Development Expenditures - Research and development expenses consist of personnel costs, including salaries, benefits and stock-based compensation, materials and supplies, licenses and fees, and overhead allocations consisting of various administrative and facilities related costs. Research and development activities are also separated into three main categories: research, clinical development, and biotechnology development. Research costs typically consist of preclinical and toxicology costs. Clinical development costs include costs for Phase 1 and 2 clinical studies. Biotechnology development costs consist of expenses incurred in connection with product formulation and analysis. The Company charges research and development costs, including clinical study costs, to expense when incurred, consistent with the guidance of FASB ASC 730, Research and Development.

Stock-Based Compensation - Stock-based compensation is measured at the grant date based on the fair value of the award. The fair value of the award that is ultimately expected to vest is recognized as expense on a straight-line basis over the requisite service period, which is generally the vesting period. The expense recognized for the portion of the award that is expected to vest has been reduced by an estimated forfeiture rate. The forfeiture rate is determined at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Expected Term — The expected term of options represents the period that the Company's stock-based awards are expected to be outstanding based on the simplified method provided in Staff Accounting Bulletin No. 110, *Certain Assumptions Used in Valuation Methods*.

Expected Volatility — As the Company has limited stock price history, expected volatility has been estimated based on the volatilities of similar companies that are publicly traded.

Risk-Free Interest Rate — The Company bases the risk-free interest rate on the implied yield available on U.S. Treasury zero-coupon issues with an equivalent remaining term.

Expected Dividend — The Company has never declared or paid any cash dividends and does not plan to pay cash dividends in the foreseeable future, and, therefore, used an expected dividend yield of zero in the valuation model.

The Company recognizes fair value of stock options granted to nonemployees as stock-based compensation expense over the period in which the related services are received.

Stock Warrants - Certain warrants to purchase the Company's stock are classified as liabilities in the balance sheets. These warrants are subject to remeasurement at each balance sheet date, and any change in fair value is recognized as a component of other income (expense). Other warrants to purchase the Company's convertible preferred stock are classified as equity in the balance sheet and are not subject to remeasurement.

Derivative Liability - Certain derivatives embedded within convertible promissory notes have been bifurcated and recorded as derivatives in the balance sheets because they are not clearly and closely related. These derivatives are subject to remeasurement at each balance sheet date, and any change in fair value is recognized as a component of other income (expense).

Income Taxes - The Company accounts for income taxes using the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value.

In evaluating the ability to recover its deferred income tax assets, the Company considers all available positive and negative evidence, including its operating results, ongoing tax planning, and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. In the event the Company determines that it would be able to realize its deferred income tax assets in the future in excess of their net recorded amount, it would make an adjustment to the valuation allowance that would reduce the provision for income taxes. Conversely, in the event that all or part of the net deferred tax assets are determined not to be realizable in the future, an adjustment to the valuation allowance would be charged to earnings in the period such determination is made.

The Company recognizes the tax benefit from uncertain tax positions in accordance with GAAP, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a company's tax return.

Fair Value of Financial Instruments -The carrying amount reported in the balance sheets for cash and cash equivalents, accounts payable, and accrued liabilities approximates their value due to the short-term maturities of such instruments.

Net income (loss) per share attributable to Amarantus common stockholders

Basic net income (loss) per share attributable to Amarantus common stockholders is calculated by dividing net income (loss) attributable to common stockholders by the weighted average number of shares outstanding for the period. In accordance with FASB ASC 260, because there was a net loss for the period, zero incremental shares were included for diluted earnings per share because the effect would be anti-dilutive .

Recently Adopted Accounting Guidance

Variable Interest Entities. In June 2009, the FASB issued new accounting guidance relating to consolidation of variable interest entities (*"VIEs"*), which amends the current accounting guidance for determining whether an entity is a VIE and defining the primary beneficiary. This guidance also requires additional disclosures relating to involvement with a VIE. We adopted this guidance during the first quarter of our fiscal 2010. The adoption of this guidance did not have a material effect on our Financial Statements and disclosures.

Fair Value Measurements. In January 2010, the FASB issued new accounting guidance requiring additional disclosures about the different classes of assets and liabilities measured at fair value, valuation techniques and inputs used, the activity in Level 3 fair value measurements, and the transfers between Levels 1 and 2. It also clarified guidance around disaggregation and disclosures of inputs and valuation techniques for Level 2 and Level 3 fair value measurements. The current guidance is effective beginning with the first quarter of our fiscal 2010, except for the new disclosures relating to the Level 3 reconciliation, which was effective for the first quarter of our fiscal 2011. Refer to Note 6 – Fair Value Measurements for our Company's fair value measurements and disclosures.

Recently Issued Accounting Pronouncements

In May 2011, the FASB issued updated accounting guidance to amend existing requirements for fair value measurements and disclosures. The guidance expands the disclosure requirements around fair value measurements categorized in Level 3 of the fair value hierarchy and requires disclosure of the level in the fair value hierarchy of items that are not measured at fair value but whose fair value must be disclosed. It also clarifies and expands upon existing requirements for fair value measurements of financial assets and liabilities as well as instruments classified in shareholders' equity. The guidance is effective for annual and interim periods beginning after December 15, 2011. The implementation of this guidance is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In June 2011, the FASB issued guidance concerning the presentation of Comprehensive Income in the financial statements. Entities will have the option to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate, but consecutive statements. The disclosure requirements are effective for annual and interim periods beginning after December 15, 2011 and should be retrospectively applied. The implementation of this guidance is not expected to have any impact on the Company's consolidated financial position, results of operations or cash flows.

In September 2011, the FASB issued guidance on annual and interim goodwill impairment tests. An entity may now first assess qualitative factors to determine whether it is "more likely than not" that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350, Intangibles-Goodwill and Other. The more-likely-than-not threshold is defined as having a likelihood of more than 50%. The new guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The implementation of this guidance is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

4. AGREEMENT AND PLAN OF MERGER

On May 25, 2011, the Company entered into an Agreement and Plan of Merger (the Merger Agreement") with Amarantus Biosciences, Inc., a privately held Delaware corporation (Amarantus"), and JKIK Acquisition Corp. (Acquisition Sub"), our newly formed wholly-owned Delaware subsidiary. In connection with the closing of this merger transaction, Amarantus merged with and into Acquisition Sub (the Merger") on May 25, 2011, with the filing of articles of merger with the Delaware Secretary of State.

In addition, pursuant to the terms and conditions of the Merger Agreement:

- Each share of Amarantus common stock and each share of Amarantus preferred stock issued and outstanding immediately prior to the closing of the Merger was converted into the right to receive a pro-rata portion of a total of 1,820,000 shares of our common stock. As a result, the shareholders of Amarantus received 1,820,000 newly issued shares of our common stock.
- Our board of directors was reconstituted to consist of Martin D. Cleary, Chairman, together with Dr. John W. Commissiong, Gerald E. Commissiong, Arnold T. Grisham, Robert L. Harris, and Eugene Mancino, who prior to the Merger were the directors of Amarantus.
- Our sole officer and director immediately prior to the Merger, Richard Douglas, resigned from the board and from all offices.
- Our board appointed Martin D. Cleary as our Chief Executive Officer, Dr. John Commissiong as our Chief Scientific Officer, Gerald E. Commissiong as our Chief Operating Officer, and Marc E. Faerber as our Chief Financial Officer, Treasurer, and Secretary.
- In connection with the Merger, our former sole officer and director immediately prior to the Merger, Richard Douglas, received a transfer of all assets and agreed to assume all liabilities related to our pre-merger business.
- Following the closing of the merger, Mr. Douglas canceled and returned all 10,000,000 shares of his common stock.
- Following the closing of the merger, in a separate transaction, we authorized a forward split of 25 shares for each share of our common stock issued and outstanding at the time of the split.
- Following the closing of the merger, our board of directors and shareholders approved a change in the name of the company to Amarantus BioSciences, Inc."
- As a result, following these events, there were 67,000,000 shares of our common stock issued and outstanding.
- In connection with the Merger, we adopted Amarantus' 2008 Stock Plan and confirmed all options issued thereunder. In addition, we adopted and assumed certain convertible notes and warrants issued by Amarantus prior to the Merger.
- Amarantus provided customary representations and warranties and complied with standard closing conditions, including approval of the Merger by its voting stockholders.

Expenses incurred with the merger were $26,186 and have been recorded as part of Stockholders' Equity.

The Merger is being accounted for as a reverse recapitalization. Reverse recapitalization accounting applies when a non-operating public shell company (Jumpkicks) acquires a private operating company (Amarantus) and the owners and management of the private operating company have actual or effective voting and operating control of the combined company. A reverse recapitalization is equivalent to the issuance of stock by the private operating company for the net monetary assets of the public shell corporation accompanied by a recapitalization with accounting similar to that resulting from a reverse acquisition, except that no goodwill or other intangible assets are recorded. In the Merger transaction, Jumpkicks qualifies as a non-operating public shell company because all pre-merger business assets and liabilities were transferred to and assumed by the sole officer and director of Jumpkicks, prior to the completion of the Merger. The reverse recapitalization accounting is attributable to a long-held position of the staff of the Securities and Exchange Commission as the acquisition of a non-operating public shell company does not qualify as a business for business combination purposes, as described in Accounting Standards Codification Topic 805, Business Combinations.

Complete information regarding the merger was included in our Form 8K/A filed on June 3, 2011.

5. MICHAEL J. FOX FOUNDATION GRANT

In April 2010, the Company was awarded a grant from the Michael J. Fox Foundation for Parkinson's Research ("MJFF"). Pursuant to the MJFF grant, the Company performed research related to comparison and analysis of certain genes in rodent models of Parkinson's disease. The grant provided for the reimbursement of expenses as incurred up to a maximum of $370,716, payable in two installments with targeted payments in April 2010 and October 2010, and it established two milestones. During the three months ended March 31, 2011, the Company achieved certain milestones and received payment and recorded revenue of $178,308. To date, through June 30, 2012, the Company has received a total of $370,716 from the MJFF.

6. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, which are directly related to the amount of subjectivity, associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 — Inputs that are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
Level 2 — Inputs (other than quoted prices included in Level 1) that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and which reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

The Company's financial assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2012 and December 31, 2011, by level within the fair value hierarchy, are as follows:

Fair Value Measurements at June 30, 2012

	Level 1	Level 2	Level 3	Total
Warrant Liability			$ 254,855	$ 254,855
Derivative Liability			97,082	97,082
Total	$ —	$ —	$ 351,937	$ 351,937

Fair Value Measurements at December 31, 2011

	Level 1	Level 2	Level 3	Total
Warrant Liability			$ 283,931	$ 283,931
Derivative Liability			140,706	140,706
Total	$ —	$ —	$ 424,637	$ 424,637

The following table provides a summary of changes in the fair value of the Company's Level 3 financial liability mentioned above for the year ended December 31, 2011, for the period ended June 30, 2012 and for the period from January 14, 2008 (date of inception) to June 30, 2012:

	Warrant Liability	Derivative Liability	Total
January 14, 2008 (date of inception)	$ -	$ -	$ -
Issuance of warrants	52,665		52,665
Issuance of convertible notes		9,377	9,377
Changes in fair value	(15,960)	(4,402)	(20,362)
December 31, 2008	36,705	4,975	41,680
Changes in fair value	(1,692)	(4,975)	(6,667)
December 31, 2009	35,013	0	35,013
Issuance of warrants	3,680		3,680
Issuance of convertibles notes		281,466	281,466
Reclassification of warrants to equity	(37,110)		(37,110)
Cancellation of warrants	(65,082)		(65,082)
Changes in fair value	67,915	6,081	73,996
December 31, 2010	$ 4,416	$ 287,547	$ 291,963
Issuance of warrants	314,835		314,835
Issuance of convertible notes		257,210	257,210
Changes in fair value	(35,320)	(404,051)	(439,371)
December 31, 2011	$ 283,931	$ 140,706	$ 424,637
Issuance of warrants			
Issuance of convertible notes		134,502	134,502
Changes in fair value	(27,045)	(178,126)	(205,171)
Reclassification of warrants to equity	(2,032)		(2,032)
June 30, 2012	$ 254,854	$ 97,082	$ 351,936

The valuation of the convertible stock warrant liability is discussed in Note 8.

7. ACCRUED LIABILITIES

Accrued liabilities at June 30, 2012 and December 31, 2011, consisted of the following:

	June 30, 2012	December 31, 2011
Accrued compensation and related benefits	$ 18,746	$ 18,746
Accrued interest	106,421	58,462
Total	$ 125,167	$ 77,208

8. CONVERTIBLE PROMISSORY NOTES AND DERIVATIVE LIABILITY

The Company owes the principal amount of $230,000 to a total of six (6) investors who were issued Convertible Promissory Notes under the terms of a Convertible Promissory Note Agreement dated December 13, 2010 and amended on March 23, 2011 as follows:

	Principal Amount	Issue Date	Maturity Date
$	100,000	12-13-10	12-13-12
$	25,000	4-11-11	4-11-13
$	35,000	4-15-11	4-15-13
$	10,000	4-22-11	4-22-13
$	50,000	4-27-11	4-27-13
$	10,000	6-6-11	6-6-13

These notes bear interest at a rate of 5% per annum, with all principal and accrued interest payable on the maturity date. Principal and unpaid accrued interest due under these notes shall be automatically converted into our equity securities at the closing of our next equity financing in which the gross proceeds exceed $1,000,000 (the Next Equity Financing"), based on a conversion price equal to one-third of the price per share of the stock sold to outside investors in the Next Equity Financing. If the Next Equity Financing does not occur on or before the maturity date, the principal and unpaid accrued interest can be converted at our option into shares of our most recently closed equity financing, based on a conversion price equal to one-third of the price per share of the most recently closed equity financing.

In addition, we previously owed the principal sum of $41,537 to Molecular Medicine Research Institute (MMRI"), who was issued a series of Convertible Promissory Notes under the terms of a Note and Warrant Purchase Agreement as follows:

	Principal Amount	Issue Date	Maturity Date	
$	16,037	11-1-10	11-1-12	Note principal and accrued interest assigned June, 2012
$	4,250	12-1-10	12-1-12	Note principal and accrued interest assigned June, 2012
$	4,250	1-1-11	1-1-13	Note principal and accrued interest assigned June, 2012
$	4,250	2-1-11	2-1-13	
$	4,250	3-1-11	3-1-13	
$	4,250	4-1-11	4-1-13	
$	4,250	5-1-11	5-1-13	

These notes bear interest at a rate of 5% per annum, with all principal and accrued interest payable on demand by the holder on or after the maturity date. Principal and unpaid accrued interest due under these notes shall be converted, at the option of the holder, into our equity securities at the closing of our next equity financing in which the gross proceeds exceed $1,000,000 (the Next Equity Financing"), based on a conversion price equal to the price per share of the stock sold to outside investors in the Next Equity Financing. If the Next Equity Financing does not occur on or before the maturity date, the principal and unpaid accrued interest can be converted at our option into a new class of Preferred Stock, with the conversion price per share to be based upon a pre-money valuation of the company at that time of $2,000,000. These notes also include 20% warrant coverage which expire seven years from the date of the note. In June 2012, $24,537 of the note principal plus accrued interest was assigned to a new investor. Along with this assignment the warrants associated with these specific notes have been cancelled.

We are currently party to a Sponsored Research Agreement with MMRI under which we are provided office and laboratory space, use of research equipment, and other items within MMRI's research facility in exchange for a monthly Sponsor Research Fee. The notes detailed above, in conjunction with certain warrants to purchase stock, were issued in payment of 50% of the respective monthly fees due under this agreement.

In addition, we owe the principal sum of $12,240 to The Parkinson's Institute, which was issued a Convertible Promissory Note under the terms of a Note and Warrant Purchase Agreement dated August 25, 2010. This note bears interest at a rate of 5% per annum, with all principal and accrued interest payable on demand by the holder on or after the maturity date of August 25, 2012. Principal and unpaid accrued interest due under this note shall be automatically converted into our equity securities at the closing of our next equity financing in which the gross proceeds exceed $1,000,000 (the Next Equity Financing"), based on a conversion price equal to the price per share of the stock sold to outside investors in the Next Equity Financing. If the Next Equity Financing does not occur on or before the maturity date, the principal and unpaid accrued interest can be converted at our option into a new class new class of Preferred Stock, with the conversion price per share to be based upon a pre-money valuation of the company at that time of $2,000,000. In addition the note holder has warrant coverage equal to 5% of the note principal with a warrant exercise price equal to the next equity financing per share price, and expiration seven years from the date of the note. In June 2012, $12,240 of the note principal plus accrued interest was assigned to a new investor. Along with this assignment the warrants associated with these notes have been cancelled.

On June, 2012, we entered into a convertible note agreement with an investor for a principal amount of $39,831. This note bears an interest rate of 12% per annum, compounded monthly, and has a maturity date of June 5, 2013. The note holder has the option to convert the note into common stock at any time, conversion at 55% of the lowest trading price over the prior three trading days from the date of conversion. We have the option to prepay note at any time in the amount of 150% of the principal and unpaid accrued interest. This note represents the assignment of the Parkinson's Institute note and the 12-1-10 and 1-1-11 MMRI notes discussed earlier.

Also, in June 2012, we entered into a convertible note agreement with an investor for a principal amount of $21,500. This note This note bears an interest rate of 12% per annum and has a maturity date of January 6, 2013. The note holder has the option to convert the note into common stock at any time, conversion at 55% of the average of the three lowest trading prices over the prior ten trading days from the date of conversion. We have the option to prepay note at any time in the amount of 150% of the principal and unpaid accrued interest within the first ninety days.

We also owe the principal sum of $500,000 to a total of ten (10) investors who were issued Secured Convertible Promissory Notes under the terms of a Senior Secured Convertible Promissory Note Agreement dated December 28, 2010, as amended May 20, 2011 as follows:

	Principal Amount	Issue Date	Maturity Date
$	125,000	12-28-10	12-6-11
$	62,500	12-28-10	12-6-11
$	100,000	4-15-11	12-6-11
$	25,000	4-18-11	12-6-11
$	25,000	5-13-11	12-6-11
$	50,000	5-19-11	12-6-11
$	25,000	5-24-11	12-6-11
$	25,000	5-24-11	12-6-11
$	31,250	6-7-11	12-6-11
$	31,250	6-9-11	12-6-11

Principal and interest, accrued at the rate of 5% per annum, are due and payable on December 6, 2011, unless earlier converted into equity securities of the company. Principal and unpaid accrued interest shall be converted, at the option of the holder, into equity securities of the company at the closing of our next equity financing in which gross aggregate proceeds to the Company exceed $1,750,000 and the Company registers its stock for sale pursuant to the Securities and Exchange Act of 1934. The conversion price shall be equal to one-third of the price per share of this financing. If this financing does not occur on or before the maturity date, the principal and unpaid accrued interest can be converted, at the option of the holders of a majority of the aggregate principal amount of the senior secured convertible promissory notes, into common stock of the Company. These notes were formerly secured by collateral consisting of substantially all assets of the company. Under the May 20, 2011 amendment to the Senior Secured Convertible Promissory Note Agreement, this security interest was terminated. Under the terms of the agreement as amended, we may not incur any indebtedness for borrowed money except pursuant to an agreement that provides that repayment of such indebtedness will be subordinated to repayment of the Notes. In addition, we may not encumber any of our property during such time as the Notes remain due and owing. As provided in the amendment the note holders have warrant coverage equal to 100% of the note principal at an exercise price equal to 100% of that to outside investors in the closing of the next equity financing of $1,175,000, but not to be less than $0.60 per share. The warrants expire five years from the date of the next equity financing closing. We are currently in default on these notes. See footnote 9 Commitments and Contingencies for further information.

During the twelve months ended December 31, 2011, the Company issued convertible promissory notes to various investors for aggregate proceeds of $90,000. Principal and interest on these convertible notes, accrued at the rate of 6% per annum, are due and payable 180 days from the issuance date, unless earlier converted into equity securities of the Company, at the option of the Holder of the promissory note. Conversion of the principal and interest will be at either $0.10 or $0.20 per share. In addition, the Company issued warrants to the note holders to purchase a number of shares of capital stock issued to investors at the equivalent to 100% of the principal amount of the notes divided by the respective price per share of the stock which the principal of the note converts at. The warrants expire one year from the date of the note. During the six month ended June 30, 2012, $57,000 of these convertible notes converted to Company Common shares.

Principal Amount		Issue Date	Maturity Date	Converted to Equity		Conversion Date
$	21,000	7-28-11	1-24-12	$	21,000	February 2012
$	21,000	7-28-11	1-24-12	$	21,000	February 2012
$	10,000	8-16-11	2-12-12	$		
$	20,000	8-18-11	2-14-12			
$	5,000	9-6-11	3-4-12	$	5,000	February 2012
$	5,000	9-9-11	3-7-12	$	5,000	February 2012
$	3,000	9-26-11	3-24-12			
$	5,000	11-2-11	4-30-12	$	5,000	February 2012

During the period October, 2011 through June 30, 2012, the Company issued convertible promissory notes to various investors for aggregate proceeds of $211,750. Principal and interest on these convertible notes, accrue at the rate of 6% per annum, are due and payable 180 days from the issuance date, unless earlier converted into equity securities of the Company, at the option of the Holder of the promissory note. Conversion of the principal and interest will be at either $0.02 or $0.05 per share.

Principal Amount		Issue Date	Maturity Date	Converted to Equity		Conversion Date
$	5,000	10-27-11	4-24-12	$	5,000	February 2012
$	10,000	11-23-11	5-21-12			
$	30,000	11-30-11	5-28-12	$	30,000	February 2012
$	10,000	12-8-11	6-5-12	$	10,000	February 2012
$	5,000	12-14-11	6-11-12	$	5,000	February 2012
$	5,000	12-30-11	6-27-12	$	5,000	February 2012
$	100,000	1-17-12	7-15-12			
$	3,750	2-21-12	8-19-12	$	3,750	February 2012
$	25,000	4/2/12	9/29/12	$	25,000	April 012
$	5,000	5/18/12	11/14/12	$		
$	13,000	6/6/12	12/3/12			

In March, 2012, $9,500 of convertible note principle was issued as part of a unit debt instrument which consisted of a return on investment ("ROI") agreement and a convertible promissory note in return for $10,000. The ROI has a redemption value of $10,500 due on demand and the convertible promissory note is for $9,500, non-interest bearing, due September 20, 2012, and is convertible to common shares after six months from the date of the note at a conversion price that is 50% of the lowest trading price over the 20 prior trading dates from the date of conversion notice.

During the six months ended June 30, 2012, the Company issued two convertible promissory notes to one investor totaling $39,325 Principal and interest on these convertible notes accrue at the rate of 12% per annum. The holder of the note can convert the note to common shares of the Company at any at 50% of lowest trading bid price for prior twenty trading days before conversion. Both notes were converted to on the same day as the issuance date.

	Principal Amount	Issue Date	Maturity Date		Converted to Equity	Conversion Date
$	15,000	3/9/12	10-27-12	$	15,000	3/9/12
$	24,325	5/4/12	11/4/12	$	24,250	5/4/12

During the six months ended June 30, 2012, the Company issued four convertible promissory notes to one investor totaling $91,500. Principal and interest on these convertible notes accrue at the rate of 8% per annum. The holder of the note can convert the note to common shares of the Company any time after the initial 180 days of the note at a conversion price that is a percentage of an average of the market low over for a certain number days over a greater number of prior number of trading days from the date of notice to convert.

	Principal Amount	Issue Date	Maturity Date
$	37,500	2-7-12	10-27-12
$	17,000	3/19/12	12-21-12
$	13,000	5/3/12	2/7/13
$	24,000	6/13/12	3/15/13

In January, 2012, a vendor convertible their trade account to convertible promissory notes for the amount due them at the time of the note plus future billings, amounting to $244,988. These notes accrue interest at 8.5% and have the option to convert to common stock at any time by the note holder, at a conversion price of $0.11 per share. These notes are payable upon demand.

A number of Company's convertible notes contain embedded derivatives wherein their automatic conversion, which is contingent upon a future equity raise, can accelerate the realization of the expected payout for each note. This feature creates the possibility of a greater than expected return for the note holder and thus a higher than expected liability for the Company. The value of this feature was estimated for each note using the probability expected return method, in which the payout of distinct potential early conversion scenarios was discounted to the present using the expected IRR of the note and compared with the present value of the note if held to maturity. Probabilities were applied to the value of early conversion in each scenario to arrive at a probability weighted value of the early conversion feature.

As of June 30, 2012 and December 31, 2011, the fair value of the derivative liability was $97,082 and $140,706, respectively. The changes in fair value for the three month periods ended June 30, 2012 and June 30, 2011 of $37,064 and $ 122,194 respectively, and for the six month periods ended June 30, 2012 and June 30, 2011 of $178,126 and 1$60,454 respectively, and the period from January 14, 2008 (date of inception) to June 30, 2012 of $85,473 have been recorded in the accompanying statements of operations as a component of other income (expense).

9. COMMITMENTS AND CONTINGENCIES

Commitments — The Company leases its main office facility and a second facility for research in Sunnyvale, CA under sublease agreements that provide for month-to-month extensions by the Company.

Rent expense for the three months ended June 30, 2012 and June 30, 2011 was $10,078 and $31,037, respectively, and for the six months ended June 30, 2012 and June 30, 2011 rent expense was $19,414 and $61,489, respectively. For the period from January 14, 2008 (date of inception) to June 30, 2012, rent expense was $267,168

Effective November 1, 2011 the Company entered into a consulting agreement where the consultant is to receive a stock option for common stock of 500,000 shares, fully vested, to be priced upon the Board of Directors approving such grant.

Contingencies — From time to time, the Company may become involved in litigation. On January 6, 2012 the Company was served a summons regarding the filing of a lawsuit (Complaint for Breach of Contract, Specific Performance and Common Counts) against the Company by a former consultant to the Company, Peter Freeman v. Amarantus BioSciences, Inc. The Company intends to defend ourselves vigorously. The Company is unable to predict the likelihood of an unfavorable outcome or estimate its potential liability, if any, and no provision has been made in its financial statements for this matter.

In addition the Company is in default on payment of certain Convertible Notes that were due as of December 6, 2011 and is also late with regard to making payments to various trade account vendors for goods and services received, of which some accounts are currently with collection agencies and could possibly result in lawsuits with the Company.

The Company agreed to compensate certain vendors for services rendered contingent upon the occurrence of future financings as follows:

Future financing with proceeds of at least	
$ 1,000,000	$ 50,000
1,250,000	20,000
1,500,000	26,000
2,000,000	50,000
5,000,000	50,000
6,000,000	20,000
Total	$ 216,000

The Company incurred various obligations related to the original acquisition of its intellectual property around the time the Company was founded. These transactions are described more fully below in Note 16, including a reference to contingent obligations reflected in the financial statements.

10. COMMON STOCK

The Company's Certificate of Incorporation, as amended, authorizes the Company to issue 250,000,000 shares of $0.001 par value common stock. Common stockholders are entitled to dividends when and if declared by the Board of Directors. The holder of each share of common stock is entitled to one vote. As of June 30, 2012, no dividends had been declared.

Common stock that the Company had reserved for issuance at June 30, 2012, is as follows:

Exercise and conversion of common stock warrants	1,743,056
Stock options outstanding	1,829,030
Stock options available for future grants under the 2008 Stock Plan	1,535,876
Total shares of common stock reserved	5,107,962

As of June 30, 2012 the Company had outstanding $1,305,488 of convertible note principal. These convertible notes, along with related accrued interest, convert upon the Next Equity Financing or at the option of the note holder as follows:

$17,000 of convertible debt principal have interest at 5% and warrants equivalent to 20% of the principal balance, respectively, and convert upon the next equity financing.

$500,000 and $230,000 of convertible note principal and related accrued interest convert at two-thirds the price per share of the Next Equity Financing and the $500,000 of convertible note principal have warrants equivalent to 100% of the principal balance and the $230,000 of convertible note principal have no warrants attached.

$211,750 of convertible note principal having interest at 6%, can convert at prices ranging from $0.02 to $0.10 per share at anytime at the option of the note holder, and have no warrants. As of June 30, 2012, $83,750 of the principal of this $211,750 convertible debt has converted to common shares.

$90,000 of convertible note principal having interest at 6%, can convert at $0.10 or $0.20 per share at anytime at the option of the note holder and warrants equivalent to 100%. As of June 30, 2012, $57,000 of the principal of this $90,000 convertible debt has converted to common shares.

$244,988 of convertible note principal, having an interest rate of 8.5%. no warrants, can convert at $0.11 per share at anytime at the option of the note holder.

$91,500 of convertible note principal, having and interest rate of 8%, no warrants, can convert at 50-55% of the average of the two-three lowest trading days of the prior 10-60 trading days, there is a 180 day waiting period before the holder has the option to convert to common shares.

$9,500 of convertible note principle was issued as part of a unit debt instrument which consisted of a return on investment (“ROI”) agreement and a convertible promissory note in return for $10,000. The ROI has a redemption value of $10,500 due on demand and the convertible promissory note is for $9,500, non-interest bearing, due September 20, 2012, and is convertible to common shares after six months from the date of the note at a conversion price that is 50% of the lowest trading price over the 20 prior trading dates from the date of conversion notice. The common share effect of the convertible debt is not included in the above schedule since the number of shares will not be determinable until the Next Equity Financing. (See Note 8)

$30,000 of convertible note principal, having interest of 12% per annum, compounded monthly, can convert any time at the option of the note holder, conversion at 55% of the lowest trading price over the prior three trading days from the date of conversion.

$21,500 of convertible note principal, having interest of 12% per annum, can convert anytime at the option of the note holder, can convert at 55% of the average of the three lowest trading prices over the prior ten trading days from the date of conversion.

The common share effect of the warrants related to the following convertible debt has been included in the above schedule.

During the six months ended June 30, 2012 the Company issued $1,258,412 worth of common stock to various consultants for services and it paid $54,442 of trade accounts payable with shares of common stock in settlement of the trade debt.

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11. STOCK OPTION PLAN

The Company's Board of Directors has approved the 2008 Stock Plan (the "Plan"). Under the Plan, the Board of Directors may grant up to 10,742,127 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 generally have a contractual life of 10 years and vest over periods ranging from being fully vested as of the grant dates to four years.

		Outstanding Options		
	Shares Available for Grant	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
Balance - January 14, 2008 (date of inception)				
Shares added to the plan	6,085,136			
Balance - December 31, 2008	6,085,136			
Balance - December 31, 2009	6,085,136			
Shares added to the plan	4,656,991		0.01	
Options granted (weighted average fair values of $0.0237)	(3,206,494)	3,206,494	0.01	9.2
Balance - December 31, 2010	7,535,633	3,206,494	0.01	9.2
Shares added to the plan				
Options granted (weighted average fair value of $0.0237)				
Employee	(4,610,422)	4,610,422	0.01	
Non-Employee	(3,601,407)	3,601,407	0.01	
Cancelled Shares	2,212,071	(2,212,071)	0.01	
Options exercised		(7,532,454)	0.01	
Balance - December 31, 2011	1,535,875	1,673,798		
Options vested- June 30,2012	6,698,179			
Options vested and expected to vest- June 30, 2012	7,951,362			

Stock-based compensation expense for the three and six month periods ended June 30, 2012 and June 30, 2011, and the period from January 14, 2008 (date of inception) to June 30, 2011, is classified in the statements of operations as follows:

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Sixe Months Ended June 30, 2012	Six Months Ended June 30, 2011	Period From January 14, 2008 Date of Inception to June 30, 2012
Research and development	$ 1,794	$ 429,144	$ 6,926	$ 459,279	$ 549,417
General and administrative	4,484	68,628	12,134	93,556	151,071
Total	$ 6,278	$ 497,772	$ 19,060	$ 552,835	$ 700,488

At June 30, 2012, there was a total of $23,111 of unrecognized compensation cost, net of estimated forfeitures, related to non-vested stock option awards, which is expected to be recognized over a weighted-average period of approximately 2.0 years.

The fair value of the Company's stock-based awards during the year ended December 31, 2011, and the period from January 14, 2008 (date of inception) to June 30, 2012, was estimated using the following weighted-average assumptions:

	Period Ended June 30, 2012	Year Ended June 30, 2011	Period From January 14, 2008 (Date of Inception) to June 30, 2012
Weighted-average volatility	71.0%	71.0%	71.0%
Expected term (in years)	5	5	5
Expected dividends	None	None	None
Risk-free interest rate	0.72%	1.76%	1.76%

12. SEGMENT REPORTING

The Company operates in one reportable segment. The Company's Chief Executive Officer, who is considered to be the chief operating decision maker, manages the Company's operations as a whole and reviews financial information presented on a this basis, for purposes of evaluating financial performance and allocating resources.

13. RELATED-PARTY TRANSACTIONS

The Company was co-founded in 2008 by Mr. Gerald Commissiong and Dr. John Commissiong under the original name of CNS Protein Therapeutics, Inc. ("CNS"), and changed its name to Amarantus BioSciences, Inc. in 2010. Dr. Commisiong is currently the Chief Scientific Officer, a member of the Board of Directors (appointed in March 2011) and majority shareholder of the Company. Mr. Gerald Commissiong is currently the Chief Operating Officer, a member of the Board of Directors, and a significant shareholder of the Company. Dr. Commissiong also founded Neurotrophics, Inc., a Canadian company, in 2003. In 2007, Neurotrophics established an agreement with EMS Development Group to acquire the intellectual property rights to a protein compound, mesencephalic astrocyte-derived neurotrophic factor ("MANF"), from Prescient Neuropharma Co. MANF was discovered by Dr. Commissiong while working for Prescient in 2002, as a drug candidate with promising therapeutic properties for treatment of syndromes such as Parkinson's Disease.

EMS received $59,000 in 2007 in funding from Neurotrophics to purchase the MANF intellectual property rights. Prior to this payment, Neurotrophics received a total of $100,000 in investments from certain outside parties. The same investors provided $100,000 in funding to CNS in 2008, and CNS renegotiated and assumed the $100,000 convertible note investment made into Neurotrophics. The investors directed Neurotrophics and EMS to assign the MANF intellectual property rights to CNS and CNS agreed to assume certain other liabilities related to the technology transfer. CNS will compensate these creditors on a future date mutually agreeable between the parties., In addition, CNS agreed to compensate EMS for its assistance in acquiring the rights to MANF by making installment payments in an aggregate amount of up to $95,000.

The technology transfer transaction created a contingent liability for the Company. Legal counsel to the Company has advised that transfers of assets out of the usual course of business, referred to under applicable Canadian law as “bulk sales”, must comply with certain rules in order to avoid a potential voiding of the sale or transfer, making the purchaser liable to unpaid trade creditors, or creating an encumbrance on the assets transferred or sold. The transfer of the MANF rights by Neurotrophics to CNS may impose such obligations on CNS, as a purchaser. Counsel further advised that upon payment in full of all of the Neurotrophics debts outstanding as of March 5, 2008, no action can be successfully maintained to void or set aside the transfer of the MANF rights to CNS, and thus to the Company.

To remedy this contingent liability, CNS agreed to compensate Neurotrophics to repay its creditors on a future date mutually agreeable between the parties, and agreed to assume debts owed to John Commissiong and Gerald Commissiong by Neurotrophics.

The Company has recorded a total of $287,462 and $222,230 as of December 2010 and 2011, respectively in obligations reflecting this liability in its financial statements. The Company recorded the assumption of the Neurotrophics debts as a distribution in 2008.

In February 2011, the Company and Neurotrophics agreed to enter into two agreements regarding compensation for the March 5, 2008 transfer of the rights to MANF and issued notes in the amounts of $222,083 and $59,319, in favor of Neurotrophics and John and Gerald Commissiong, respectively. These notes bear interest at the rate of 2% per annum, and have maturity dates of March 5, 2015 and December 30, 2015, respectively. The loans may be repaid at the Company’s option on or before the maturity dates in the form of common stock of the Company at the then fair market value.

In October 2010, the Company entered into an agreement with the founders, Gerald Commissiong and John Commissiong, where they will receive a 2.5% (1.25% each for Gerald Commissiong and John Commissiong) Royalty from the gross commercial revenue of patents derived from the Company’s proprietary PhenoGuard platform technology, including patents associated with the MANF Protein and related Gene.

The Company obtained the services of its Chairman Martin D. Cleary through a consulting agreement. During the years ended December 31, 2010, 2011, and the period from January 14, 2008 (date of inception) to October 23rd, 2011, consulting services of $200,000, $200,000, and $479,166, respectively are included in the statement of operations. This agreement also includes a change of control clause whereby the Company shall pay Mr. Cleary a bonus of 5% of the gross proceeds to the Company resulting from the change of control. Upon his election and in his sole discretion, and in lieu of the change of control bonus, the Company shall issue to him shares of the Company’s common stock equal to 2.5% of the Company’s fully diluted capitalization as of the date of termination of the agreement.

In March 2012, a former and an existing Board of Director member converted a Convertible Promissory Note in the amount of $21,000, each plus accrued interest. This resulted in 217,280 shares of Common Stock to be issued to each party.

14. SUBSEQUENT EVENTS

The Company evaluated subsequent events through the date its financial statements were available for issuance. The Company determined that the financial statements were available for issuance on August 20th, 2012.

On January 16, 2012 the Company entered into a License Agreement with Power3 Medical Products, Inc ("Power3") to license the NuroPro diagnostic test for Parkinson's disease to Amarantus BioSciences (the "License"). As part of the License, Amarantus was granted an option to acquire the Parkinson's Intellectual Property, and a right of first refusal to acquire the entire diagnostic platform for neurodegenerative diseases (collectively the "IP"). On March 7th, 2012 the IP was assigned to Neogenomics Inc. ("Neogenomics") to satisfy a judgment made in September 2011 against Power3 in the name of Neogenomics as it pertained to a note payable to Neogenomics by Power3 that was in default. This judgment was not disclosed by Power3 to Amarantus at the time of the License Agreement; this lack of disclosure was in violation of the representations and warranties made by Power3 to Amarantus in the License Agreement. On March 15th, 2012, Power3 filed for Chapter 7 bankruptcy without notifying Amarantus of the status of the judgement in favor of Neogenomics, or the transfer of the IP to Neogenomics. Upon learning of the events stated above, Amarantus immediately put NeoGenomics on notice of the licensing agreement entered into with Power3 in order to provide equitable defenses in the event NeoGenomics makes an infringement claim against Amarantus. Amarantus is currently reviewing its legal options with respect to material misrepresentations made by the Executive Officers of Power3 at the time of the Licensing Agreement. Amarantus had initiated discussions with Neogenomics to acquire the IP related to the assignment made by the Receiver and expects those discussions to continue throughout the Power3's bankruptcy process. At this point the Company does not know how long the bankruptcy process may take. In August, 2012, the Company learned through a letter from the Trustee that the IP now belongs to the bankruptcy estate of Power3, and the Trustee has provided notice to the Patent and Trademark Office of the change in ownership back to Pwer3. Further the Trustee indicated in the letter that the Power3 estate is in a position to substantially comply with Power3's pre-bankruptcy License Agreement with Amarantus, and has put forth a proposal which the Company in reviewing.

Effective July 31, 2012, Martin D. Cleary resigned from his position as director and the Chairman of our Board of Directors. Also effective July 31, 2012, Eugene Mancino resigned from his position as a director. There was no known disagreement with Mr. Cleary or Mr. Mancino on any matter relating to the Company's operations, policies, or practices.

In July, 2012, the Board of Directors designated 2,500,000 shares of the 10,000,000 shares of authorized Preferred Stock as Series B Convertible Preferred Stock ("Series B"). The Series B stock have a par value of $0.001 per share, have no liquidation rights or rights to a dividend, has a conversion feature of fifty shares of Common stock for each share of Series B, Series B cannot convert to Common second until the second annual anniversary of the designation of the Series B Preferred, or a change in control occurs (defined as a 50% change in the voting power of the outstanding shares occurs). The holders of Series B shall be entitled to vote along with the Common Shares, at the same rate as if the Series B shares have been fully converted into Common Shares.

Further in July, 2012, the 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. The purposes of this 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 the Company's business. Certain current and former Management, Employees, Advisors and Directors were awarded a total of 1,250,000 options to purchase Series B Preferred shares on July 15th, 2012.

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

Forward-Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are forward-looking statements." These forward-looking statements generally are identified by the words believes," project," expects," anticipates," estimates," intends," strategy," plan," may," will," would," will be," will continue," will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

Overview

Amarantus BioSciences, Inc. is a California-based development-stage biotechnology company founded in January 2008. We focus on developing our intellectual property and proprietary technology to develop drug candidates to treat human disease. We own the intellectual property rights to a therapeutic protein known as Mesencephalic-Astrocyte-derived Neurotrophic Factor (MANF").

MANF is a protein that corrects protein misfolding. Protein misfolding is one of the major causes of apoptosis (cell death). This property provides a compelling rationale for the research and development of MANF-based products as therapeutics for human disease. Our lead MANF product development effort is centered on a therapy for Parkinson's disease.

We also own an inventory of 88 cell lines that we refer to as PhenoGuard Cell Lines. MANF was the first therapeutic protein discovered from a PhenoGuard Cell Line. We believe that we may identify additional therapeutic proteins from its inventory of PhenoGuard Cell Lines.

Principal Products

Our philosophy is to acquire in-license, discover and develop biologics with the potential to address critically important biological pathways involved in human disease. Since our inception, we have been focused on developing MANF as a therapeutic for Parkinson's disease, and other apoptosis-related disorders. Our business plans are focused in these specific areas:

- Development of MANF to treat Parkinson's disease
- Development of MANF to treat other apoptosis-related disorders
- Exploration of our PhenoGuard Cell Lines for therapeutic protein discovery
- Evaluation of external drug candidates for potential in-licensure or acquisition

MANF: Overview

We own the intellectual property rights to a novel therapeutic protein called MANF acquired from EMS Development Group in 2008. MANF is a novel, endogenous, evolutionally conserved and widely expressed secreted human protein. We believe that MANF is the first of a new class of therapeutic proteins that are secreted in response to stressful physiological conditions in the body. MANF is believed to have mechanisms of action that are fundamentally different from other therapeutic proteins; MANF decreases the activity of apoptosis-causing enzymes, corrects protein misfolding and increases neurotransmitter release.

MANF: Development Plan

We will focus on developing MANF as a therapeutic protein for Parkinson's disease with the intention of gaining Investigational New Drug Status with the FDA in order to initiate human clinical studies in the United States. We will gather further information on additional MANF applications and will evaluate product development programs as data becomes available.

For the next 12 months, we will focus our product development efforts on the completion of experiments in non-human primate models of Parkinson's disease. This will provide the experimental rationale for moving forward into human clinical studies for the treatment of Parkinson's disease.

Parkinson's Disease Overview

Parkinson's disease (PD) is a severe neurological disorder characterized by tremor, muscle rigidity, and an inability to walk with a steady gait. PD was first reported by James Parkinson in 1817. It is currently widely accepted that PD is primarily associated with the degeneration of a specific set of dopaminergic (DA) neurons in the human brain located in the midbrain. According to the NIH, symptoms begin to appear when 60-80% of these DA neurons have become dysfunctional or have died. Humans have roughly 1 million of these critical DA neurons in the midbrain that play a vital role in controlling motor functions such as walking, stability and overall muscle control. DA neurons release the neurotransmitter dopamine, which plays a critical role in motor function. When a person is diagnosed with PD, roughly 600,000 to 800,000 of these DA neurons have already degenerated or have died. The remaining DA neurons continue to degenerate as PD progresses until such a time when there aren't enough DA neurons left for the body to function. PD progresses at different rates in different patients. Ultimately, every patient becomes incapable of functioning independently at a certain point in the progression of his or her PD. According to the NIH, it is estimated that at least 500,000 people are afflicted with this disorder in the United States. PD generally affects patients later in life, with an average onset age of 60. NIH estimates the total cost to the nation exceeds $6 billion annually.

Parkinson's Disease Market

According to a 2008 report generated by DataMonitor, there are over 1.5 million PD in the United States, Western Europe and Japan. It is widely accepted that with the increasing trend towards a longer lifespan coupled with the baby-boomer population approaching retirement, the incidence of Parkinson's disease is likely to double by in the next 20 years.

Deep Brain Stimulation

Deep brain stimulation (DBS) is a surgical procedure used to treat the symptoms associated with Parkinson's disease. At present, the procedure is used only for patients whose symptoms cannot be adequately controlled with medications. DBS uses a surgically implanted, battery-operated medical device called a neurostimulator, which is similar to a heart pacemaker and approximately the size of a stopwatch, to deliver electrical stimulation to targeted areas in the brain that control movement.

Unlike previous surgeries for PD, DBS minimizes tissue damage by focusing on neura pathways. Instead the procedure blocks electrical signals from targeted areas in the brain. Thus, if newer, more promising treatments develop in the future, the DBS procedure can be reversed. Stimulation from the neurostimulator is adjustable without further surgical intervention. Although most patients still need to take medication after undergoing DBS, many patients experience considerable reduction of their PD symptoms and are able to greatly reduce their medications. The amount of reduction varies from patient to patient but can be considerably reduced in most patients.

Competition: Disease-modifying Treatment in Development

There are several disease-modifying treatments under development seeking to address the key unmet medical need in Parkinson's disease treatment.

A. MedGenesis licensed GDNF protein rights from Amgen in January 2010. GDNF is a promising disease-modifying therapy for Parkinson's Disease.
B. Ceregene reported Phase II data in 2010 of their neurturin gene therapy, showing improvement in Parkinson's symptoms (UPDRS) at 18 months vs. placebo. Genzymed licensed ex-US rights to this product. Ceregene is currently planning an additional Phase II study.
C. Amsterdam Molecular has a preclinical GDNF gene therapy program under an exclusive license from Amgen for GDNF in gene therapy.
MANF is belongs to this category of therapies. Effective disease modifying treatments that become commercially available would dramatically affect the PD market, shifting the market from symptomatic drugs in favor of new disease modifying treatments and potentially growing the overall market

Manufacture of GMP quality MANF

We will outsource the manufacturing of the MANF Parkinson's Disease product to a Contract Manufacturing Organization ("CMO"), with special capabilities to manufacture biological drug candidates for submission and clinical testing under Food & Drug Administration ("FDA") guidelines.

Distribution & Marketing

We intend to develop its drug candidates and utilize its deep industry connections to effect partnering transactions with biopharmaceutical drug companies seeking to strategically fortify pipelines and fund the costly clinical development required to achieve successful commercialization. As such, we do not anticipate selling products directly into the marketplace; rather we will effect partnering transaction which will give us a distribution and marketing partner to sell our products into the marketplace, allowing the us to focus on the research and product development which represent our core competencies.

Regulatory Compliance

Drug Development and distribution in the biotechnology and pharmaceutical industries in the United States is heavily regulated by the FDA. These regulations and policies relate to the safety and efficacy of drug candidates being developed for the US market. These regulations and policies are continually being updated to reflect the current state of the art in our understanding of science and human biology. The Affordable Healthcare for America Act passed in 2010 is an example of how the landscape in the healthcare and biotechnology space is continually evolving and subject to significant political influence.

The FDA imposed requirements represent a critical component to the overall development plan for Amarantus' drug development candidates. Management will use all resources available to it to ensure that the Company develops its drug candidates in compliance with all applicable laws and regulations.

Intellectual Property

1. EU MANF Composition of Matter Patent
2. US MANF Composition of Matter Patent Application
3. US MANF Method of Use Patent Application
4. EU MANF Method of Use Patent Application
5. Japanese Method of Use Patent Application
6. Canadian Method of Use Patent Application
7. Chinese MANF Method of Use Patent Application
8. Indian MANF Method of Use Patent Application
9. Brazilian MANF Method of Use Patent Application
10. PCT Neurodegenerative disorders Method of Use Patent Application

Personnel

We currently have three (3) employees/consultants. Our current internal departments include Business Development, Finance, Research & Development and Administration. We are led by a management team that includes an engineer, a scientist, an accountant and an executive. We intend to expand our management team as operations ramp up to include additional technical staff required to achieve our business objectives.

Expected Changes In Number of Employees, Plant, and Equipment

We do not currently plan to purchase specific additional physical plant and significant equipment within the immediate future. We do not currently have specific plans to change the number of our employees during the next twelve months.

Results of Operations For Amarantus Biosciences, Inc. For The Three Months Ended June 30, 2012 and June 30, 2011

During the three months ended June 30, 2012, Amarantus generated no revenue and incurred $934,682 in operating expenses, resulting in a loss from operations of $934,682. Operating expenses consisted of research and development costs of $359,829 and general and administrative expenses of $574,853. During the three months ended June 30, 2012, Amarantus incurred interest expense of $111,932 and other income of $51,287 related to a change in fair value of warrant and derivative liabilities. Amarantus' net loss for the three months June 30, 2012 was $995,327. Stock based compensation accounted for $343,903 of the $995,327 net loss for the three months ended June 30, 2012.

During the three months ended June 30, 2011, Amarantus generated no revenue and incurred $1,085,330 in operating expenses, resulting in a loss from operations of $1,085,330. Operating expenses consisted of research and development costs of $522,416 and general and administrative expenses of $562,914. During the three months ended June 30, 2011, Amarantus incurred interest expense of $166,477 and other income of $125,137 related to a change in fair value of warrant and derivative liabilities. Amarantus' net loss for the three months June 30, 2011 was $1,126,670. Stock compensation of $497,772 was included in the $1,126,670 of net loss for the three months ended June 30, 2011.

Results of Operations For Amarantus Biosciences, Inc. For The Six Months Ended June 30, 2012 and June 30, 2011

During the six months ended June 30, 2012, Amarantus generated no revenue and incurred $2,300,447 in operating expenses, resulting in a loss from operations of $2,300,447. Operating expenses consisted of research and development costs of $435,745 and general and administrative expenses of $1,864,702. During the six months ended June 30, 2012, Amarantus incurred interest expense of $217,382 and other income of $205,171 related to a change in fair value of warrant and derivative liabilities. Amarantus' net loss for the six months June 30, 2012 was $2,312,658. Stock compensation accounted for $1,400,760 of the $2,312,658 net loss for the six months ended June 30, 2012.

During the six months ended June 30, 2011, Amarantus generated $178,308 of revenue and incurred $1,740,992 in operating expenses, resulting in a loss from operations of $1,562,684. Operating expenses consisted of research and development costs of $765,486 and general and administrative expenses of $975,506. During the six months ended June 30, 2011, Amarantus incurred interest expense of $230,345, other income of $163,181 related to a change in fair value of warrant and derivative liabilities. Amarantus' net loss for the six months June 30, 2011 was $1,629,848. Stock compensation accounted for $83,603 of the $1,629,848 net loss for the six months ended June 30, 2011.

Inflation adjustments have had no material impact on the Company.

Off-balance-sheet arrangements

Pursuant to the terms of certain contractual agreements, we have agreed to compensate certain vendors for services rendered contingent upon the occurrence of future financings. These transactions are described more fully under Liquidity and Capital Resources, below, and in Note 12 to our financial statements. These obligations are not reflected in our accounts and represent an off balance sheet liability contingent upon achieving the respective funding levels specified in the relevant agreements.

Liquidity and Capital Resources

As of June 30, 2012, we had current assets in the amount of $553,579 consisting of $6,648 in cash and cash equivalents and $546,931 in prepaid expenses and other current assets. As of June 30, 2012, we had current liabilities in the amount of $4,452,290, consisting of $2,434,137 in accounts payable, $125,167 in accrued liabilities, $222,230 in related party liabilities, $150,000 in notes payable, $254,855 in current portion of warrant liability, $97,082 in the current portion of derivative liabilities, and $1,168,819 in the current portion of convertible promissory notes. As of June 30, 2012, we had a working capital deficit in the amount of $3,898,711.

The Company owes the principal amount of $230,000 to a total of six (6) investors who were issued Convertible Promissory Notes under the terms of a Convertible Promissory Note Agreement dated December 13, 2010 and amended on March 23, 2011 as follows:

	Principal Amount	Issue Date	Maturity Date
$	100,000	12-13-10	12-13-12
$	25,000	4-11-11	4-11-13
$	35,000	4-15-11	4-15-13
$	10,000	4-22-11	4-22-13
$	50,000	4-27-11	4-27-13
$	10,000	6-6-11	6-6-13

These notes bear interest at a rate of 5% per annum, with all principal and accrued interest payable on the maturity date. Principal and unpaid accrued interest due under these notes shall be automatically converted into our equity securities at the closing of our next equity financing in which the gross proceeds exceed $1,000,000 (the Next Equity Financing"), based on a conversion price equal to one-third of the price per share of the stock sold to outside investors in the Next Equity Financing. If the Next Equity Financing does not occur on or before the maturity date, the principal and unpaid accrued interest can be converted at our option into shares of our most recently closed equity financing, based on a conversion price equal to one-third of the price per share of the most recently closed equity financing.

In addition, we previously owed the principal sum of $41,537 to Molecular Medicine Research Institute (MMRI"), who was issued a series of Convertible Promissory Notes under the terms of a Note and Warrant Purchase Agreement as follows:

	Principal Amount	Issue Date	Maturity Date	
$	16,037	11-1-10	11-1-12	Note principal and accrued interest assigned June, 2012
$	4,250	12-1-10	12-1-12	Note principal and accrued interest assigned June, 2012
$	4,250	1-1-11	1-1-13	Note principal and accrued interest assigned June, 2012
$	4,250	2-1-11	2-1-13	
$	4,250	3-1-11	3-1-13	
$	4,250	4-1-11	4-1-13	
$	4,250	5-1-11	5-1-13	

These notes bear interest at a rate of 5% per annum, with all principal and accrued interest payable on demand by the holder on or after the maturity date. Principal and unpaid accrued interest due under these notes shall be converted, at the option of the holder, into our equity securities at the closing of our next equity financing in which the gross proceeds exceed $1,000,000 (the Next Equity Financing"), based on a conversion price equal to the price per share of the stock sold to outside investors in the Next Equity Financing. If the Next Equity Financing does not occur on or before the maturity date, the principal and unpaid accrued interest can be converted at our option into a new class of Preferred Stock, with the conversion price per share to be based upon a pre-money valuation of the company at that time of $2,000,000. These notes also include 20% warrant coverage which expire seven years from the date of the note. In June 2012, $24,537 of the note principal plus accrued interest was assigned to a new investor. Along with this assignment the warrants associated with these specific notes have been cancelled.

We are currently party to a Sponsored Research Agreement with MMRI under which we are provided office and laboratory space, use of research equipment, and other items within MMRI's research facility in exchange for a monthly Sponsor Research Fee. The notes detailed above, in conjunction with certain warrants to purchase stock, were issued in payment of 50% of the respective monthly fees due under this agreement.

In addition, we owe the principal sum of $12,240 to The Parkinson's Institute, which was issued a Convertible Promissory Note under the terms of a Note and Warrant Purchase Agreement dated August 25, 2010. This note bears interest at a rate of 5% per annum, with all principal and accrued interest payable on demand by the holder on or after the maturity date of August 25, 2012. Principal and unpaid accrued interest due under this note shall be automatically converted into our equity securities at the closing of our next equity financing in which the gross proceeds exceed $1,000,000 (the Next Equity Financing"), based on a conversion price equal to the price per share of the stock sold to outside investors in the Next Equity Financing. If the Next Equity Financing does not occur on or before the maturity date, the principal and unpaid accrued interest can be converted at our option into a new class new class of Preferred Stock, with the conversion price per share to be based upon a pre-money valuation of the company at that time of $2,000,000. In addition the note holder has warrant coverage equal to 5% of the note principal with a warrant exercise price equal to the next equity financing per share price, and expiration seven years from the date of the note. In June 2012, $12,240 of the note principal plus accrued interest was assigned to a new investor. Along with this assignment the warrants associated with these notes have been cancelled.

On June, 2012, we entered into a convertible note agreement with an investor for a principal amount of $39,831. This note bears an interest rate of 12% per annum, compounded monthly, and has a maturity date of June 5, 2013. The note holder has the option to convert the note into common stock at any time, conversion at 55% of the lowest trading price over the prior three trading days from the date of conversion. We have the option to prepay note at any time in the amount of 150% of the principal and unpaid accrued interest. This note represents the assignment of the Parkinson's and MMRI notes discussed earlier.

Also, in June 2012, we entered into a convertible note agreement with an investor for a principal amount of $21,500. This note This note bears an interest rate of 12% per annum and has a maturity date of January 6, 2013. The note holder has the option to convert the note into common stock at any time, conversion at 55% of the average of the three lowest trading prices over the prior ten trading days from the date of conversion. We have the option to prepay note at any time in the amount of 150% of the principal and unpaid accrued interest within the first ninety days.

We also owe the principal sum of $500,000 to a total of ten (10) investors who were issued Secured Convertible Promissory Notes under the terms of a Senior Secured Convertible Promissory Note Agreement dated December 28, 2010, as amended May 20, 2011 as follows:

	Principal Amount	Issue Date	Maturity Date
$	125,000	12-28-10	12-6-11
$	62,500	12-28-10	12-6-11
$	100,000	4-15-11	12-6-11
$	25,000	4-18-11	12-6-11
$	25,000	5-13-11	12-6-11
$	50,000	5-19-11	12-6-11
$	25,000	5-24-11	12-6-11
$	25,000	5-24-11	12-6-11
$	31,250	6-7-11	12-6-11
$	31,250	6-9-11	12-6-11

Principal and interest, accrued at the rate of 5% per annum, are due and payable on December 6, 2011, unless earlier converted into equity securities of the company. Principal and unpaid accrued interest shall be converted, at the option of the holder, into equity securities of the company at the closing of our next equity financing in which gross aggregate proceeds to the Company exceed $1,750,000 and the Company registers its stock for sale pursuant to the Securities and Exchange Act of 1934. The conversion price shall be equal to one-third of the price per share of this financing. If this financing does not occur on or before the maturity date, the principal and unpaid accrued interest can be converted, at the option of the holders of a majority of the aggregate principal amount of the senior secured convertible promissory notes, into common stock of the Company. These notes were formerly secured by collateral consisting of substantially all assets of the company. Under the May 20, 2011 amendment to the Senior Secured Convertible Promissory Note Agreement, this security interest was terminated. Under the terms of the agreement as amended, we may not incur any indebtedness for borrowed money except pursuant to an agreement that provides that repayment of such indebtedness will be subordinated to repayment of the Notes. In addition, we may not encumber any of our property during such time as the Notes remain due and owing. As provided in the amendment the note holders have warrant coverage equal to 100% of the note principal at an exercise price equal to 100% of that to outside investors in the closing of the next equity financing of $1,175,000, but not to be less than $0.60 per share. The warrants expire five years from the date of the next equity financing closing. We are currently in default on these notes. See footnote 9 Commitments and Contingencies for further information.

During the twelve months ended December 31, 2011, the Company issued convertible promissory notes to various investors for aggregate proceeds of $90,000. Principal and interest on these convertible notes, accrued at the rate of 6% per annum, are due and payable 180 days from the issuance date, unless earlier converted into equity securities of the Company, at the option of the Holder of the promissory note. Conversion of the principal and interest will be at either $0.10 or $0.20 per share. In addition, the Company issued warrants to the note holders to purchase a number of shares of capital stock issued to investors at the equivalent to 100% of the principal amount of the notes divided by the respective price per share of the stock which the principal of the note converts at. The warrants expire one year from the date of the note. During the six month ended June 30, 2012, $57,000 of these convertible notes converted to Company Common shares.

	Principal Amount	Issue Date	Maturity Date		Converted to Equity	Conversion Date
$	21,000	7-28-11	1-24-12	$	21,000	February 2012
$	21,000	7-28-11	1-24-12	$	21,000	February 2012
$	10,000	8-16-11	2-12-12	$		
$	20,000	8-18-11	2-14-12			
$	5,000	9-6-11	3-4-12	$	5,000	February 2012
$	5,000	9-9-11	3-7-12	$	5,000	February 2012
$	3,000	9-26-11	3-24-12			
$	5,000	11-2-11	4-30-12	$	5,000	February 2012

During the period October, 2011 through June 30, 2012, the Company issued convertible promissory notes to various investors for aggregate proceeds of $211,750. Principal and interest on these convertible notes, accrue at the rate of 6% per annum, are due and payable 180 days from the issuance date, unless earlier converted into equity securities of the Company, at the option of the Holder of the promissory note. Conversion of the principal and interest will be at either $0.02 or $0.05 per share.

Principal Amount		Issue Date	Maturity Date	Converted to Equity		Conversion Date
$	5,000	10-27-11	4-24-12	$	5,000	February 2012
$	10,000	11-23-11	5-21-12			
$	30,000	11-30-11	5-28-12	$	30,000	February 2012
$	10,000	12-8-11	6-5-12	$	10,000	February 2012
$	5,000	12-14-11	6-11-12	$	5,000	February 2012
$	5,000	12-30-11	6-27-12	$	5,000	February 2012
$	100,000	1-17-12	7-15-12			
$	3,750	2-21-12	8-19-12	$	3,750	February 2012
$	25,000	4/2/12	9/29/12	$	25,000	April 012
$	5,000	5/18/12	11/14/12	$		
$	13,000	6/6/12	12/3/12			

In March, 2012, $9,500 of convertible note principle was issued as part of a unit debt instrument which consisted of a return on investment (“ROI”) agreement and a convertible promissory note in return for $10,000. The ROI has a redemption value of $10,500 due on demand and the convertible promissory note is for $9,500, non-interest bearing, due September 20, 2012, and is convertible to common shares after six months from the date of the note at a conversion price that is 50% of the lowest trading price over the 20 prior trading dates from the date of conversion notice.

During the six months ended June 30, 2012, the Company issued two convertible promissory notes to one investor totaling $39,325 Principal and interest on these convertible notes accrue at the rate of 12% per annum. The holder of the note can convert the note to common shares of the Company at any at 50% of lowest trading bid price for prior twenty trading days before conversion. Both notes were converted to on the same day as the issuance date.

Principal Amount		Issue Date	Maturity Date	Converted to Equity		Conversion Date
$	15,000	3/9/12	10-27-12	$	15,000	3/9/12
$	24,30	5/4/12	11/4/12	$	24,250	5/4/12

During the six months ended June 30, 2012, the Company issued four convertible promissory notes to one investor totaling $91,500. Principal and interest on these convertible notes accrue at the rate of 8% per annum. The holder of the note can convert the note to common shares of the Company any time after the initial 180 days of the note at a conversion price that is a percentage of an average of the market low over for a certain number days over a greater number of prior number of trading days from the date of notice to convert.

Principal Amount		Issue Date	Maturity Date
$	37,500	2-7-12	10-27-12
$	17,000	3/19/12	12-21-12
$	13,000	5/3/12	2/7/13
$	24,000	6/13/12	5/13/12

In January, 2012, a vendor convertible their trade account to convertible promissory notes for the amount due them at the time of the note plus future billings, amounting to $244,988. These notes accrue interest at 8.5% and have the option to convert to common stock at any time by the note holder, at a conversion price of $0.11 per share. These notes are payable upon demand.

A number of Company's convertible notes contain embedded derivatives wherein their automatic conversion, which is contingent upon a future equity raise, can accelerate the realization of the expected payout for each note. This feature creates the possibility of a greater than expected return for the note holder and thus a higher than expected liability for the Company. The value of this feature was estimated for each note using the probability expected return method, in which the payout of distinct potential early conversion scenarios was discounted to the present using the expected IRR of the note and compared with the present value of the note if held to maturity. Probabilities were applied to the value of early conversion in each scenario to arrive at a probability weighted value of the early conversion feature.

As of June 30, 2012 and December 31, 2011, the fair value of the derivative liability was $97,082 and $140,706, respectively. The changes in fair value for the three month periods ended June 30, 2012 and June 30, 2011 of $37,064 and $ 122,194 respectively, and for the six month periods ended June 30, 2012 and June 30, 2011 of $178,126 and 1$60,454 respectively, and the period from January 14, 2008 (date of inception) to June 30, 2012 of $85,473 have been recorded in the accompanying statements of operations as a component of other income (expense).

In connection with certain liabilities incurred in connection with our June 5, 2008 acquisition of the intellectual property rights to the MANF protein compound, we have an outstanding Promissory Note issued as follows:

Note Payable To:		Amount	Due Date
Neurotrophics, Inc.	$	222,083	3-5-15

This note bears interest at the rate of 2% per annum.

On October 4, 2011 we received short-term financing in the amount of $150,000 under a Promissory Note issued to Dr. Samuel Herschkowitz as follows:

Note Payable To:		Amount	Due Date
Samuel Herschkowitz	$	150,000	4-1-12

The balance due under the Note bears interest at the rate of twenty percent (20%) per year. In addition, in conjunction with the Promissory Note, Dr. Herschkowitz received an equity bonus of 2,054,794 shares of common stock. As security for our obligations under the note, we have pledged in favor of the note holder 8,219,178 shares of common stock. We are currently in default under this note. In April 2012, a third party acquired the note becoming the new note holder. As part of this transaction the 8,219,178 shares of common stock were returned to the company. Other terms of the new note are being negotiated.

We will need to raise significant financing in order to continue to operate and execute our business plan. It will cost roughly $1,000,000 to complete our next major milestone. Additionally, we will need ongoing operating capital to retain employees, pay creditors and ongoing expenses, as well as execute non-core aspects of our business plan, which management believes will yield significant value to its shareholders.

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 b e less than anticipated, or should our expenses be greater than anticipated, then we may seek to obtain business capital through the use of private equity fundraising or shareholders loans. We do not have any formal commitments or arrangements for the sales of stock or the advancement or loan of funds at this time. 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 its disposal to raise sufficient capital to run its operations on a go forward basis.

We were founded in 2008 to advance novel therapies for human disease. We were seeking to raise capital from new investors when the financial-collapse of 2008 resulted in a prolonged depression. This financial collapse dramatically altered the financing environment for biotechnology companies seeking to access the capital markets to obtain financing to advance their research and development activities. The trend of difficult access to the capital markets has continued through to the current fundraising environment and has been evidenced by reduced pricing and lower capital raises in many biotechnology-related initial public offerings.

We have been successful in raising convertible note financing from various individual investors over the last several months. This is an encouraging trend that we expect to continue as we continue operations. We will use commercially-reasonable efforts going forward to raise equity financing and other financing instruments to raise sufficient capital to continue operations and meet our major milestones.

Off Balance Sheet Arrangements

Pursuant to the terms of certain contractual agreements, we have agreed to compensate certain vendors for services rendered contingent upon the occurrence of future financings. These transactions are described more fully under Liquidity and Capital Resources, below, and in Note 9 to our financial statements. These obligations are not reflected in our accounts and represent an off balance sheet liability contingent upon achieving the respective funding levels specified in the relevant agreements.

Going Concern

We are a development stage company engaged in biotechnology research and development. We have suffered recurring losses from operations since inception, have a working capital deficit, and have generated negative cash flow from operations. For these reasons, our auditors have raised a substantial doubt about our ability to continue as a going concern.

Critical Accounting Policies

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Certain Significant Risks and Uncertainties - The Company participates in a global dynamic highly competitive industry and believes that changes in any of the following areas could have a material adverse effect on the Company's future financial position, results of operations, or cash flows: ability to obtain future financing; advances and trends in new technologies and industry standards; regulatory approval and market acceptance of the Company's products; development of the necessary manufacturing capabilities and to obtain adequate resources of necessary materials; development of sales channels; certain strategic relationships; litigation or claims against the Company based on intellectual property, patent, product, regulatory, or other factors; and the Company's ability to attract and retain employees necessary to support its growth.

Concentration of Credit Risk - Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. The Company places its cash and cash equivalents with domestic financial institutions that are federally insured within statutory limits.

Cash and Cash Equivalents - The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment - Property and equipment are stated at cost and are depreciated on a straight-line basis over their estimated useful lives as follows:

Equipment	3 years
Computer equipment	2 years
Furniture and fixtures	3 years

The Company reviews the carrying value of long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. There have been no such impairments.

Revenue Recognition - The Company recognizes revenue when the earnings process is complete, which under SEC Staff Accounting Bulletin No. 104, Topic No. 13, "Revenue Recognition" ("SAB 104"), is when revenue is realized or realizable and earned, there is persuasive evidence a revenue arrangement exists, delivery of goods or services has occurred, the sales price is fixed or determinable, and collectability is reasonably assured.

The Company accounts for milestones related to research and development activities in accordance with the milestone method of revenue recognition of Accounting Standards Codification Topic 605-28, under which consideration contingent on the achievement of a substantive milestone is recognized in its entirety in the period when the milestone is achieved. A milestone is considered to be substantive when it meets all of the following criteria: the milestone is commensurate with either the performance required to achieve the milestone or the enhancement of the value of the delivered items resulting from the performance required to achieve the milestone; the milestone relates solely to past performance; and, the milestone is reasonable relative to all of the deliverables and payment terms within the agreement.

Research and Development Expenditures - Research and development expenses consist of personnel costs, including salaries, benefits and stock-based compensation, materials and supplies, licenses and fees, and overhead allocations consisting of various administrative and facilities related costs. Research and development activities are also separated into three main categories: research, clinical development, and biotechnology development. Research costs typically consist of preclinical and toxicology costs. Clinical development costs include costs for Phase 1 and 2 clinical studies. Biotechnology development costs consist of expenses incurred in connection with product formulation and analysis. The Company charges research and development costs, including clinical study costs, to expense when incurred, consistent with the guidance of FASB ASC 730, Research and Development.

Stock-Based Compensation - Stock-based compensation is measured at the grant date based on the fair value of the award. The fair value of the award that is ultimately expected to vest is recognized as expense on a straight-line basis over the requisite service period, which is generally the vesting period. The expense recognized for the portion of the award that is expected to vest has been reduced by an estimated forfeiture rate. The forfeiture rate is determined at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Expected Term — The expected term of options represents the period that the Company's stock-based awards are expected to be outstanding based on the simplified method provided in Staff Accounting Bulletin No. 110, *Certain Assumptions Used in Valuation Methods*.

Expected Volatility — As the Company has limited stock price history, expected volatility has been estimated based on the volatilities of similar companies that are publicly traded.

Risk-Free Interest Rate — The Company bases the risk-free interest rate on the implied yield available on U.S. Treasury zero-coupon issues with an equivalent remaining term.

Expected Dividend — The Company has never declared or paid any cash dividends and does not plan to pay cash dividends in the foreseeable future, and, therefore, used an expected dividend yield of zero in the valuation model.

The Company recognizes fair value of stock options granted to nonemployees as stock-based compensation expense over the period in which the related services are received.

Stock Warrants - Certain warrants to purchase the Company's stock are classified as liabilities in the balance sheets. These warrants are subject to remeasurement at each balance sheet date, and any change in fair value is recognized as a component of other income (expense). Other warrants to purchase the Company's convertible preferred stock are classified as equity in the balance sheet and are not subject to remeasurement.

Derivative Liability - Certain derivatives embedded within convertible promissory notes have been bifurcated and recorded as derivatives in the balance sheets because they are not clearly and closely related. These derivatives are subject to remeasurement at each balance sheet date, and any change in fair value is recognized as a component of other income (expense).

Income Taxes - The Company accounts for income taxes using the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value.

In evaluating the ability to recover its deferred income tax assets, the Company considers all available positive and negative evidence, including its operating results, ongoing tax planning, and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. In the event the Company determines that it would be able to realize its deferred income tax assets in the future in excess of their net recorded amount, it would make an adjustment to the valuation allowance that would reduce the provision for income taxes. Conversely, in the event that all or part of the net deferred tax assets are determined not to be realizable in the future, an adjustment to the valuation allowance would be charged to earnings in the period such determination is made.

The Company recognizes the tax benefit from uncertain tax positions in accordance with GAAP, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a company's tax return.

Fair Value of Financial Instruments -The carrying amount reported in the balance sheets for cash and cash equivalents, accounts payable, and accrued liabilities approximates their value due to the short-term maturities of such instruments.

Net income (loss) per share attributable to Amaratus common stockholders

Basic net income (loss) per share attributable to Amarantus common stockholders is calculated by dividing net income (loss) attributable to common stockholders by the weighted average number of shares outstanding for the period. In accordance with FASB ASC 260, because there was a net loss for the period, zero incremental shares were included for diluted earnings per share because the effect would be antidilutive .

Recently Issued Accounting Pronouncements

Our management has considered all recent accounting pronouncements issued since the last audit of our financial statements. Our management believes that these recent pronouncements will not have a material effect on our financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information required by this Item.

Item 4. 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, 2012. This evaluation was carried out under the supervision and with the participation of Gerald Commissiong, our Chief Executive Officer, and Marc E. Faerber, our Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2012, 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 will be unable to remediate the material weakness in our disclosure controls and procedures until we can hire additional employees. As of June 30, 2012, we did not have sufficient funds to hire another employee. There have been no changes in our internal controls over financial reporting during the quarter ended June 30, 2012.

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 Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Internal Controls

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material error. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On January 6, 2012 the Company was served a summons regarding the filing of a lawsuit (Complaint for Breach of Contract, Specific Performance and Common Counts) against the Company by a former consultant to the Company, Peter Freeman v. Amarantus Biosciences, Inc. The Company intends to defend ourselves vigorously. The Company is unable to predict the likelihood of an unfavorable outcome or estimate its potential liability, if any, and no provision has been made in its financial statements for this matter.

In addition the Company is in default on payment of certain Convertible Notes that were due as of December 6, 2011 and is also late with regard to making payments to various trade account vendors for goods and services received, of which some accounts are currently with collection agencies and could possibly result in lawsuits with the Company.

Power3 Medical Products, Inc. (“Power3”) entered into a License Agreement with Amarantus BioSciences, Inc. (“our”, “us”, or “we”) on January 16, 2012 to, among other things, license the NuroPro diagnostic test for Parkinson's disease to us (the "Agreement"). As part of the Agreement, we were granted an option to acquire certain intellectual property, and a right of first refusal to acquire certain intellectual property (collectively the "IP"). We recently found out the Agreement was entered into at a time when Power3 may not have had the authority to enter into the Agreement.

On June 26th, 2012, we became aware of a previously undisclosed legal dispute between Power3 and NeoGenomics, Inc. ("NeoGenomics") where certain intellectual property assets of Power3 were placed into receivership in September 2011 in the State of Texas as a result of an unpaid note to NeoGenomics. On June 15, 2012 Power3 filed for Chapter 7 bankruptcy. However, on June 7th, 2012, the receiver sold, among other things, Power3's IP to NeoGenomics. Although this sale may be considered a preference in the Power3 Bankruptcy, at this time NeoGenomics may have title to certain intellectual property of Power3.

On April 12, 2012 our representatives appeared at bankruptcy related meeting of creditors of Power3. Ira Goldknopf, the President of Power3, testified for Power3. In the meeting it was discussed, among other things, that (i) Power3 had not transferred any of ourstock, other than providing $25,000 worth of our stock to its attorney; (ii) that another entity may own a portion of the IP; (iii) NeoGenomics was not a secured creditor when they credit bid their claim in the receivership; and (iv) the status of the license and ownership of the IP is still in question.

In August, 2012, the Company learned that the IP now belongs to the bankruptcy estate, and the Trustee has provided notice to the Patent and Trademark Office of the change in ownership. Further the Trustee willing to work with Amarantus with complying with Power 3’s original agreement with Amarantus, and has put forth a proposal which the Company in reviewing.

We are continuing to review our legal options with respect to the material misrepresentations made by the officers of Power3 and our rights in the IP.

On April 17, 2012 the Company was served a summons regarding the filing of a lawsuit (Complaint for Breach of Contract, Account Stated, and Reasonable Value) against the Company by Trinet HR, a former payroll services provider to the Company, Trinet HR v. Amarantus Biosciences, Inc. The suit is for a total of $12,196 allegedly owed for services previously provided to the Company.

Item 1A: Risk Factors

A smaller reporting company is not required to provide the information required by this Item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

In July, 2012, our Board of Directors designated 2,500,000 shares of the 10,000,000 shares of our authorized Preferred Stock as Series B Convertible Preferred Stock ("Series B"). The Series B stock has a par value of $0.001 per share, has no liquidation rights or rights to a dividend, and has a conversion feature of fifty shares of Common stock for each share of Series B, Series B cannot convert to Common until the second annual anniversary of the designation of the Series B Preferred, or a change in control occurs (defined as a 50% change in the voting power of the outstanding shares occurs). The holders of Series B shall be entitled to vote along with the Common Shares, at the same rate as if the Series B shares have been fully converted into Common Shares.

Further, 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. The purposes of this 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. Certain current and former Management, Employees, Advisors and Directors were awarded a total of 1,250,000 options to purchase Series B Preferred shares on July 15th, 2012.

Item 6. Exhibits

Exhibit Number	**Description of Exhibit**
3.1	Certificate Of Designation
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 and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Management, Employee, Advisor and Director Preferred Stock Option Plan – 2012 Series B Convertible Preferred Stock Plan

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 BioSciences, Inc.

Date: August 20, 2012

By: /s/ Gerald E. Commissiong
Gerald E. Commissiong
Title: **Chief Executive Officer and Director**

By: /s/ Marc E. Faerber
Marc E. Faerber
Title: **Chief Financial Officer**

CERTIFICATE OF DESIGNATION
OF
AMARANTUS BIOSCIENCES, INC.

Pursuant to Section 151(g) of the
Delaware General Corporation Law

SERIES B CONVERTIBLE PREFERRED STOCK

On behalf of Amarantus BioSciences, Inc., a Delaware corporation (the "Corporation"), the undersigned hereby certifies that the following resolution has been duly adopted by the board of directors of the Corporation (the "Board"):

RESOLVED, that, pursuant to the authority granted to and vested in the Board by the provisions of the articles of incorporation of the Corporation (the "Articles of Incorporation"), there hereby is created, out of the ten million (10,000,000) shares of preferred stock, par value $.001 per share, of the Corporation authorized by Article Fourth of the Articles of Incorporation ("Preferred Stock"), Series B Convertible Preferred Stock, consisting of two million five hundred thousand (2,500,000) shares, which series shall have the following powers, designations, preferences and relative participating, optional and other special rights, and the following qualifications, limitations and restrictions:

The specific powers, preferences, rights and limitations of the Series B Convertible Preferred Stock are as follows:

1. Designation; Rank. This series of Preferred Stock shall be designated and known as "Series B Convertible Preferred Stock." The number of shares constituting the Series B Convertible Preferred Stock shall be two million five hundred thousand (2,500,000) shares. Except as otherwise provided herein, the Series B Convertible Preferred Stock shall, with respect to rights on liquidation, winding up and dissolution, rank *pari passu* with the common stock, par value $0.001 per share (the "Common Stock"), of the Corporation.

2. Dividends. The Holders of shares of the Series B Convertible Preferred Stock shall not be entitled to receive dividends.

3. Liquidation; In the event of any dissolution, liquidation or winding up of the Corporation (a "Liquidation"), whether voluntary or involuntary, without priority over any other shareholders, the Holders of Series B Convertible Preferred Stock shall not be entitled to receive any liquidation distribution.

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4. Conversion of Series B Convertible Preferred Stock. The Holders of Series B Convertible Preferred Stock shall have conversion rights as follows:

(a) Conversion Right.

(i) Upon the two year anniversary date of of this Certificate of Designation each share of Series B Convertible Preferred Stock shall be automatically converted into fifty (50) shares of the Corporation's Common Stock.

(ii) In the event of a change in control (as defined below) before the two year anniversary from the Certificate of Designation date of the Series B Preferred Stock then the Series B Preferred Stock will automatically convert to Common shares of the Corporation as described in Section 4(a)(i).

A sale of all or substantially all of the Corporation's assets or an acquisition of the Corporation by another entity by means of any transaction or series of related transactions (including, without limitation, a reorganization, consolidated or merger) that results in the transfer of fifty percent (50%) or more of the outstanding voting power of the Corporation will be deemed to be a "Change in Control" event.

(b) Mechanics of Optional Conversion. Upon the two year anniversary of the Ceritificate of Designation, or in the event of a Change in Control, the Company will have all of the issued Series B Convertible Preferred shares converted to Common Stock and issue new certificates to the Holders

(c) No Fractional Shares. No fractional shares of Common Stock or scrip shall be issued upon conversion of shares of Series B Convertible Preferred Stock. In lieu of any fractional share to which the Holder would be entitled but for the provisions of this Section 4(c) based on the number of shares of Series B Convertible Preferred Stock held by such Holder, the Corporation shall issue a number of shares to such Holder rounded up to the nearest whole number of shares of Common Stock. No cash shall be paid to any Holder of Series B Convertible Preferred Stock by the Corporation upon conversion of Series B Preferred Convertible Stock by such Holder.

(d) Reservation of Stock. The Corporation shall at all times when any shares of Series B Preferred Convertible Stock shall be outstanding, reserve and keep available out of its authorized but unissued Common Stock, such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series B Convertible Preferred Stock. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all outstanding shares of the Series B Convertible Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized by unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(e) Notices of Record Date. In the event any record date is fixed for the purpose of (i) determining the holders of any class or series of stock or other securities who are entitled to receive any dividend or other distribution or (ii) to effect a Liquidation, the Corporation shall mail to each Holder of Series B Convertible Preferred Stock at least ten (10) days prior to the record date set forth therein a notice setting forth: (A) such record date and a description of such dividend or distribution; or (B) (1) the date on which any such recapitalization, reorganization, merger, consolidation, disposition, dissolution, liquidation or winding up is expected to become effective; and (2) the time, if any is to be fixed, as to when the Holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such recapitalization, reorganization, merger, consolidation, disposition, dissolution, liquidation or winding up.

(f) Income Taxes. The converting Holder shall pay any and all income and other non-income taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of shares of Series B Convertible Preferred Stock.

(g) No Impairment. The Corporation will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under Section 4 of this Designation by the Corporation, but will at all times in good faith assist in carrying out of all the provision of Section 4 of this Designation and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the Holders against impairment.

5. Redemption. At any time within two years from the date of issuance of the Series B Convertible Preferred Stock, or as of a Change in Control event, the Corporation shall have the right to redeem any of the unvested Series B Convertible Preferred Stock upon paying the shareholder the original price paid by the shareholder.

6. Voting. The Holders of Series B Convertible Preferred Stock shall be entitled to vote along with the Common Shares, at the same rate as if the Convertible Preferred Shares have been fully converted into Common Shares (By way of example: 1 share of Convertible Preferred Stock equals 50 votes when voted together with the Common Stock).

IN WITNESS WHEREOF, the undersigned have duly signed this Designation as of this 30th day of June, 2012 .

Amarantus BioSciences, Inc.
/s/ Gerald Commissiong
By: Gerald Commissiong
Title: President and CEO

CERTIFICATIONS

I, Gerald E. Commissiong, certify that;

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2012 of Amarantus Biosciences, Inc. (the "registrant");

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 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: August 20, 2012

/s/ Gerald E. Commissiong
By: Gerald E. Commissiong
Title: Chief Executive Officer

CERTIFICATIONS

I, Marc E. Faerber, certify that;

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2012 of Amarantus Biosciences, Inc. (the "registrant");

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 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: August 20, 2012

/s/ Marc E. Faerber
By: Marc E. Faerber
Title: Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER 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 quarterly Report of Amarantus Biosciences, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2012 filed with the Securities and Exchange Commission (the "Report"), I, Gerald E. Commissiong, Chief Executive Officer of the Company, and I, Marc E. Faerber, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and the consolidated result of operations of the Company for the periods presented.

By: /s/ Gerald E. Commissiong
Name: Gerald E. Commissiong
Title: Principal Executive Officer and Director
Date: August 20, 2012

By: /s/ Marc E. Faerber
Name: Marc E. Faerber
Title: Principal Financial Officer
Date: August 20, 2012

This certification has been furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

AMARANTUS BIOSCIENCES, INC.

Management, Employee, Advisor and Director Preferred Stock Option Plan

2012 SERIES B CONVERTIBLE PREFERRED STOCK PLAN

1. Purposes of the Plan. The purposes of this Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees and Directors and to promote the success of the Company's business. Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Stock Purchase Rights may also be granted under the Plan.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or any of its Committees as shall be administering the Plan in accordance with Section 4 hereof.

(b) "Applicable Laws" means the requirements relating to the administration of stock option plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any other country or jurisdiction where Options or Stock Purchase Rights are granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Change in Control" means the occurrence of any of the following events:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities, except that any change in the beneficial ownership of the securities of the Company as a result of a private financing of the Company that is approved by the Board, shall not be deemed to be a Change in Control; or

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or

(iii) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

(e) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

(f) "Committee" means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board in accordance with Section 4
hereof.

(g) "Common Stock" means the Common Stock of the Company. Commonas used in this plan can also mean reference to the Preferred Stock that is convertible into Common Stock

(h) "Series B Convertible Preferred Stock"(or "Preferred Stock") means the specific designate Preferred Stock of the Company.

(i) "Company" means Amarantus BioSciences, Inc., a Delaware corporation.

(j) "Director" means a member of the Board.

(k) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

(l) "Employee" means any person, including officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(m) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(n) "Exchange Program" means a program under which (a) outstanding Options are surrendered or cancelled in exchange for Options of the same type (which may have lower exercise prices and different terms), Options of a different type, and/or cash, and/or (b) the exercise price of an outstanding Option is reduced. The terms and conditions of any Exchange Program will be determined by the Administrator in its sole discretion.

(o) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean between the high bid and low asked prices for the Common Stock on the day of determination; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Administrator.

(p) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(q) "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(r) "Option" means a stock option granted pursuant to the Plan.

(s) "Option Agreement" means a written or electronic agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(t) "Optioned Stock" means the Sereis B Convertible Preferred Stock subject to an Option or a Stock Purchase Right.

(u) "Optionee" means the holder of an outstanding Option or Stock Purchase Right granted under the Plan.

(v) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(w) "Plan" means this 2008 Stock Plan.

(x) "Restricted Stock" means Shares issued pursuant to a Stock Purchase Right or Shares of restricted stock issued pursuant to an Option.

(y) "Restricted Stock Purchase Agreement" means a written or electronic agreement between the Company and the Optionee evidencing the terms and restrictions applying to Shares purchased under a Stock Purchase Right. The Restricted Stock Purchase Agreement is subject to the terms and conditions of the Plan and the notice of grant.

(z) "Securities Act" means the Securities Act of 1933, as amended.

(aa) "Service Provider" means an Employee or Director.

(bb) "Share" means a share of the Preferred Stock, as adjusted in accordance with Section 13 below.

(cc) "Stock Purchase Right" means a right to purchase Preferred Stock pursuant to Section 11 below.

(dd) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan. Subject to the provisions of Section 13of the Plan, the maximum aggregate number of Shares that may be subject to Options or Stock Purchase Rights and sold under the Plan is 1,250,000 Shares. The Shares may be authorized but unissued, or reacquired Preferred Stock.

If an Option or Stock Purchase Right expires or becomes unexercisable without having been exercised in full, or is surrendered pursuant to an Exchange Program, the unpurchased Shares that were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). However, Shares that have actually been issued under the Plan, upon exercise of either an Option or Stock Purchase Right, shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that if unvested Shares of Restricted Stock are repurchased by the Company at their original purchase price, such Shares shall become available for future grant under the Plan.

4. Administration of the Plan.

(a) Administrator. The Plan shall be administered by the Board or a Committee appointed by the Board, which Committee shall be constituted to comply with Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan and, in the case of a Committee, the specific duties delegated by the Board to such Committee, and subject to the approval of any relevant authorities, the Administrator shall have the authority in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Options and Stock Purchase Rights may from time to time be granted hereunder;

(iii) to determine the number of Shares to be covered by each such award granted hereunder;

(iv) to approve forms of agreement for use under the Plan;

(v) to determine the terms and conditions of any Option or Stock Purchase Right granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options or Stock Purchase Rights may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or Stock Purchase Right or the Preferred Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vi) to institute an Exchange Program;

(vii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws;

(viii) to allow Optionees to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Option or Stock Purchase Right that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by Optionees to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable; and

(ix) to construe and interpret the terms of the Plan and Options granted pursuant to the Plan.

(c) Effect of Administrator's Decision. All decisions, determinations and interpretations of the Administrator shall be final and binding on all Optionees.

5. Eligibility. Nonstatutory Stock Options and Stock Purchase Rights may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. Limitations.

(a) Incentive Stock Option Limit. Each Option shall be designated in the Option Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds $100,000, such Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 6
(a)
, Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted.

(b) At-Will Employment. Neither the Plan nor any Option or Stock Purchase Right shall confer upon any Optionee any right with respect to continuing the Optionee's relationship as a Service Provider with the Company, nor shall it interfere in any way with his or her right or the Company's right to terminate such relationship at any time, with or without cause, and with or without notice.

7. Term of Plan. Subject to stockholder approval in accordance with Section 19
, the Plan shall become effective upon its adoption by the Board. Unless sooner terminated under Section 15
, it shall continue in effect for a term of ten (10) years from the later of (i) the effective date of the Plan, or (ii) the earlier of the most recent Board or stockholder approval of an increase in the number of Shares reserved for issuance under the Plan.

8. Term of Option. The term of each Option shall be stated in the Option Agreement; provided, however, that the term shall be no more than ten (10) years from the date of grant thereof. In the case of an Incentive Stock Option granted to an Optionee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Option Agreement.

9. Option Exercise Price and Consideration.

(a) Exercise Price. The per share exercise price for the Shares to be issued upon exercise of an Option shall be such price as is determined by the Administrator, but shall be subject to the following:

(i) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time of grant of such Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(B) granted to any other Employee, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Nonstatutory Stock Option

(A) granted to a Service Provider who, at the time of grant of such Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(B) granted to any other Service Provider, the per Share exercise price shall be no less than 85% of the Fair Market Value per Share on the date of grant.

(iii) Notwithstanding the foregoing, Options may be granted with a per Share exercise price other than as required above in accordance with and pursuant to a transaction described in Section 424 of the Code.

(b) Forms of Consideration. The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant). Such consideration may consist of, without limitation, (1) cash, (2) check, (3) promissory note, (4) other Shares, provided Shares acquired directly from the Company (x) have been owned by the Optionee, and not subject to a substantial risk of forfeiture, for more than six months on the date of surrender, and (y) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (5) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan, or (6) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company.

10. Exercise of Option.

(a) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder shall be exercisable according to the terms hereof at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement. An Option may not be exercised for a fraction of a Share. Except in the case of Options granted to officers and Directors, Options shall become exercisable at a rate of no less than 20% per year over five (5) years from the date the Options are granted.

An Option shall be deemed exercised when the Company receives (i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 13
of the Plan.

Exercise of an Option in any manner shall result in a decrease in the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Relationship as a Service Provider. If an Optionee ceases to be a Service Provider, such Optionee may exercise his or her Option within thirty (30) days of termination, or such longer period of time as specified in the Option Agreement, to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of the Option as set forth in the Option Agreement). Unless the Administrator provides otherwise, if on the date of termination the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) Disability of Optionee. If an Optionee ceases to be a Service Provider as a result of the Optionee's Disability, the Optionee may exercise his or her Option within six (6) months of termination, or such longer period of time as specified in the Option Agreement, to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). Unless the Administrator provides otherwise, if on the date of termination the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. If an Optionee dies while a Service Provider, the Option may be exercised within six (6) months following Optionee's death, or such longer period of time as specified in the Option Agreement, to the extent that the Option is vested on the date of death (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement) by the Optionee's designated beneficiary, provided such beneficiary has been designated prior to Optionee's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Optionee, then such Option may be exercised by the personal representative of the Optionee's estate or by the person(s) to whom the Option is transferred pursuant to the Optionee's will or in accordance with the laws of descent and distribution. If, at the time of death, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(e) Leaves of Absence.

(i) Unless the Administrator provides otherwise, vesting of Options granted hereunder to officers and Directors shall be suspended during any unpaid leave of absence.

(ii) A Service Provider shall not cease to be an Employee in the case of (A) any leave of absence approved by the Company or (B) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor.

(iii) For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then three (3) months following the 91st day of such leave, any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option.

11. Stock Purchase Rights.

(a) Rights to Purchase. Stock Purchase Rights may be issued either alone, in addition to, or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Stock Purchase Rights under the Plan, it shall advise the offeree in writing or electronically of the terms, conditions and restrictions related to the offer, including the number of Shares that such person shall be entitled to purchase, the price to be paid, and the time within which such person must accept such offer. The terms of the offer shall comply in all respects with Section 260.140.42 of Title 10 of the California Code of Regulations. The offer shall be accepted by execution of a Restricted Stock Purchase Agreement in the form determined by the Administrator.

(b) Repurchase Option. Unless the Administrator determines otherwise, the Restricted Stock Purchase Agreement shall grant the Company a repurchase option exercisable within 90 days of the voluntary or involuntary termination of the purchaser's service with the Company for any reason (including death or disability). Unless the Administrator provides otherwise, the purchase price for Shares repurchased pursuant to the Restricted Stock Purchase Agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at such rate as the Administrator may determine. Except with respect to Shares purchased by officers and Directors, the repurchase option shall in no case lapse at a rate of less than 20% per year over five (5) years from the date of purchase.

(c) Other Provisions. The Restricted Stock Purchase Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion.

(d) Rights as a Stockholder. Once the Stock Purchase Right is exercised, the purchaser shall have rights equivalent to those of a stockholder and shall be a stockholder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company. No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Stock Purchase Right is exercised, except as provided in Section 13
of the Plan.

12. Limited Transferability of Options and Stock Purchase Rights. Unless determined otherwise by the Administrator, Options and Stock Purchase Rights may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or the laws of descent and distribution, and may be exercised during the lifetime of the Optionee, only by the Optionee. If the Administrator in its sole discretion makes an Option or Stock Purchase Right transferable, such Option or Stock Purchase Right may only be transferred (i) by will, (ii) by the laws of descent and distribution, or (iii) to family members (within the meaning of Rule 701 of the Securities Act) through gifts or domestic relations orders, as permitted by Rule 701 of the Securities Act.

13. Adjustments; Dissolution or Liquidation; Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, may (in its sole discretion) adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Option or Stock Purchase Right; provided, however, that the Administrator shall make such adjustments to the extent required by Section 25102(o) of the California Corporations Code.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Option or Stock Purchase Right will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Change in Control. In the event of a merger of the Company with or into another corporation, or a Change in Control, each outstanding Option and Stock Purchase Right shall be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation in a merger or Change in Control refuses to assume or substitute for the Option or Stock Purchase Right, then the Optionee shall fully vest in and have the right to exercise the Option or Stock Purchase Right as to all of the Optioned Stock, including Shares as to which it would not otherwise be vested or exercisable. If an Option or Stock Purchase Right becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or Change in Control, the Administrator shall notify the Optionee in writing or electronically that the Option or Stock Purchase Right shall be fully exercisable for a period of time as determined by the Administrator, and the Option or Stock Purchase Right shall terminate upon expiration of such period. For the purposes of this paragraph, the Option or Stock Purchase Right shall be considered assumed if, following the merger or Change in Control, the option or right confers the right to purchase or receive, for each Share subject to the Option or Stock Purchase Right immediately prior to the merger or Change in Control, the consideration (whether stock, cash, or other securities or property) received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option or Stock Purchase Right, for each Share subject to the Option or Stock Purchase Right, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of common stock in the merger or Change in Control.

14. Time of Granting Options and Stock Purchase Rights. The date of grant of an Option or Stock Purchase Right shall, for all purposes, be the date on which the Administrator makes the determination granting such Option or Stock Purchase Right, or such later date as is determined by the Administrator. Notice of the determination shall be given to each Service Provider to whom an Option or Stock Purchase Right is so granted within a reasonable time after the date of such grant.

15. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Board shall obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company. Termination of the Plan shall not affect the Administrator’s ability to exercise the powers granted to it hereunder with respect to Options granted under the Plan prior to the date of such termination.

16. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option or Stock Purchase Right unless the exercise of such Option or Stock Purchase Right and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Option or Stock Purchase Right, the Administrator may require the person exercising such Option or Stock Purchase Right to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

17. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company’s counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

18. Reservation of Shares. The Company, during the term of this Plan, shall at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

19. Stockholder Approval. The Plan shall be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted. Such stockholder approval shall be obtained in the degree and manner required under Applicable Laws.

20. Information to Optionees. The Company shall provide to each Optionee and to each individual who acquires Shares pursuant to the Plan, not less frequently than annually during the period such Optionee has one or more Options or Stock Purchase Rights outstanding, and, in the case of an individual who acquires Shares pursuant to the Plan, during the period such individual owns such Shares, copies of annual financial statements. The Company shall not be required to provide such statements to key employees whose duties in connection with the Company assure their access to equivalent information.