Amarantus Bioscience Holdings, Inc.
Form 10-Q
November 23, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED: SEPTEMBER 30, 2015

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number: 000-55016

Amarantus Bioscience Holdings, Inc

(Exact name of registrant as specified in its charter)

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

incorporation or organization)

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

(415) 688-4484

(Address and telephone number of principal executive offices)

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 20, 2015, there were 13,499,000 shares of common stock outstanding.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

Amarantus Bioscience Holdings, Inc

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

(Unaudited)

	September 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 278	$ 214
Deferred financing fees	162	—
Prepaid expenses and other current assets	595	402
Total current assets	1,035	616
Property and equipment, net	135	145
Intangible assets, net	14,213	1,497
Total assets	$ 15,383	$ 2,258
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued liabilities	$ 6,302	$ 3,502
Accounts payable - Regenicin	—	2,550
Related party liabilities and accrued interest	256	252
Accrued interest	74	25
Notes payable	1,180	—
Senior secured convertible notes payable, net of discount $6.1 million	—	—
Derivative liability	8,364	
Total current liabilities	$ 16,176	$ 6,329
Total liabilities	$ 16,176	$ 6,329
Commitment and Contingencies		
Series H, $1,000 stated value; 10,000 shares designated; 3,056 and 0 issued and outstanding as of September 30, 2015 and December 31, 2014, respectively; aggregate liquidation preference of $5,435	2,413	—
Stockholders’ equity (deficit)		

Convertible preferred stock, $0.001 par value, 10,000,000 shares authorized:		
Series A, $0.001 par value, 250,000 shares designated, -0- shares issued and outstanding as of September 30, 2015 and December 31, 2014	—	—
Series B, $0.001 par value, 3,000,000 shares designated, -0- shares issued and outstanding as of September 30, 2015 and December 31, 2014	—	—
Series C, $0.001 par value, 750,000 shares designated, 750,000 shares issued and outstanding as of September 30, 2015 and December 31, 2014	1	1
Series D, $1,000 stated value; 1,300 shares designated; 0 and 1,299 issued and outstanding as of September 30, 2015 and December 31, 2014, respectively; aggregate liquidation preference of $350	—	1,169
Series E, $1,000 stated value; 13,335 shares designated, 9,888 and 4,500 issued and outstanding as of September 30, 2015 and December 31, 2014 respectively; aggregate liquidation preference of $12,670	8,898	4,050
Series G, $5,000 stated value; 10,000 shares designated; 0 shares issued and outstanding as of September 30, 2015 and December 31, 2014, respectively.	—	—
Common stock, $0.001 par value, 35,000,000 authorized; 9,113,000 and 5,615,000 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	9	6
Additional paid-in capital	69,557	45,886
Accumulated deficit	(81,671)	(55,183)
Total stockholders' equity (deficit) and temporary equity	(793)	(4,071)
Total liabilities and stockholders' equity (deficit) and temporary equity	$ 15,383	$ 2,258

See notes to condensed consolidated financial statements.

Amarantus Bioscience Holdings, Inc

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)

(Unaudited)

	Three Months Ended September 30, 2015	**Three Months Ended September 30, 2014**	**Nine Months Ended September 30, 2015**	**Nine Months Ended September 30, 2014**
Net sales	$ —	$ —	$—	$ —
Operating expense:				
Research and development	1,513	1,899	6,247	4,056
General and administrative	2,043	2,070	9,439	5,289
	3,556	3,969	15,686	9,345
Loss from operations	(3,556)	(3,969)	(15,686)	(9,345)
Other income (expense):				
Interest expense	(245)	(46)	(415)	(756)
Loss on issuance of common stock	—	(193)	—	(260)
Loss on issuance of senior secured convertible promissory notes	(1,645)	—	(1,645)	(3,868)
Other Income (expense)	—	(74)	—	(92)
Change in fair value of warrant & derivative liabilities	—	(117)	—	356
Total other income (expense)	(1,890)	(430)	(2,060)	(4,620)
Net loss	$ (5,446)	$ (4,399)	$ (17,746)	$ (13,965)
Preferred stock dividend	$ 2,390	$ 26	$ 6,406	$ 78
Net loss attributable to common stockholders	$ (7,836)	$ (4,425)	$ (24,152)	$ (14,043)
Basic and diluted net loss per common share	$ (0.98)	$ (0.86)	$ (3.37)	$ (2.96)
Basic and diluted weighted average common shares outstanding	8,000,000	5,118,000	7, 157,000	4,744,000

See notes to condensed consolidated financial statements.

Amarantus Bioscience Holdings, Inc

CONDENSED CONSOLIDATED STATEMENTS STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT) AND TEMPORARY EQUITY

(Unaudited)

(in thousands, except share and per share data)

	Convertible Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Capital	Deficit	(Deficit)
Balances as of January 1, 2015	755,799	$5,220	5,614,605	$ 6	$ 45,887	$ (55,185)	$ (4,072)
Common Stock issued for cash	—	—	—	—	—	—	—
Common stock issued for funding fees	—	—	259,595	—	2,820	—	2,820
Common stock issued for funding fees – to LPC as req'd at drawdown	—	—	—	—	—	—	—
Common stock issued for acquisition of Diogneix	—	—	662,526	1	7,950	—	7,951
Series E BCF Adj for Price reset from $7.50 to $4.50	—	—	—	—	—	—	—
Series E BCF 12% Notes	—	—	—	—	—	—	—
Series H BCF Adj	—	—	—	—	—	—	—
Common Stock issued for Series D convertible preferred stock quarterly dividend	—	—	7,820	—	35	—	35
Common Stock issued for Series E convertible preferred stock quarterly dividend	—	—	21,738	—	237	—	237
Sale of Series E preferred stock	3,278	2,950	—	—	—	—	2,950
Sale of Series G preferred stock	—	—	—	—	—	—	—
Sale of Series H preferred stock	—	—	—	—	—	—	—
Series E convertible preferred stock accretion of beneficial conversion feature as deemed dividend	—	—	—	—	441	(441)	—
Repurchase of Series G	—	—	—	—	—	—	—
Legal fees related to stock financing	—	—		—	(19)	—	(19)
SEC filing fee	—	—	—	—	—	—	—
	(549)	(494)	122,073	—	494	—	—

Common Stock issued in conversion of Series D pref stock							
Common Stock issued in conversion of Series E pref stock	(500)	(450)	41,667	—	450	—	—
Common Stock issued in conversion of Series G pref stock	—	—	—	—	—	—	—
Common stock issued to Series E holders	—	—	—	—	—	—	—
Common stock issued for Series D convertible preferred stock dividend upon conversion	—	—	—	—	—	(9)	—
Common stock issued for Series E convertible preferred stock dividend upon conversion	—	—	—	—	—	(172)	—
Common stock issued for Series G convertible preferred stock dividend upon conversion	—	—	—	—	—	—	—
Common stock issued as fee for debt financing arrangement	—	—	8,333	—	103	—	103
Series D dividend accrued	—	—	—	—	—	(24)	(24)
Series E dividend accrued	—	—	—	—	—	(364)	(364)
Series G dividend accrued	—	—	—	—	—	—	—
Common stock issued for service	—	—	9,028	—	106	—	106
Series G Write off	—	—	—	—	—	—	—
Cancelled Shares of Series G	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	488	—	488
Net loss	—	—	—	—	—	(6,580)	(6,580)
Balances as of March 31, 2015	758,028	$7,226	6,747,385	$ 7	$ 58,992	$ (62,594)	$ 3,631
Common Stock issued for cash	—	—	—	—	—	—	—
Common stock issued for funding fees	—	—	—	—	—	—	—
Common stock issued for funding fees – to LPC as req'd at drawdown	—	—	—	—	—	—	—
Common stock issued for acquisition of Diogneix	—	—	—	—	—	—	—
Series E BCF Adj for Price reset from $7.50 to $4.50	—	—	—	—	2,835	(2,835)	—
Series E BCF 12% Notes	—	—	—	—	—	—	—
Series H BCF Adj	—	—	—	—	—	—	—
Common Stock issued for Series D convertible preferred stock quarterly dividend	—	—	3,620	—	16	—	16
Common Stock issued for Series E convertible preferred stock	—	—	25,850	—	192	—	192

quarterly dividend							
Sale of Series E preferred stock	444	400	—	—	—	—	400
Sale of Series G preferred stock	1,087	4,950	—	—	—	—	4,950
Sale of Series H preferred stock	—	—	—	—	—	—	—
Series E convertible preferred stock accretion of beneficial conversion feature as deemed dividend	—	—	—	—	—	—	—
Repurchase of Series G	—	—	—	—	—	—	—
Legal fees related to stock financing	—	—	—	—	(134)	—	(134)
SEC filing fee	—	—	—	—	—	—	—
Common Stock issued in conversion of Series D pref stock	(400)	(360)	88,888	—	360	—	—
Common Stock issued in conversion of Series E pref stock	—	—	—	—	—	—	—
Common Stock issued in conversion of Series G pref stock	—	—	—	—	—	—	—
Common stock issued to Series E holders	—	—	200,000	—	—	—	—
Common stock issued for Series D convertible preferred stock dividend upon conversion	—	—	—	—	—	—	—
Common stock issued for Series E convertible preferred stock dividend upon conversion	—	—	—	—	—	—	—
Common stock issued for Series G convertible preferred stock dividend upon conversion	—	—	—	—	—	—	—
Common stock issued as fee for debt financing arrangement	—	—	1,867	—	14	—	14
Series D dividend accrued	—	—	—	—	—	(8)	(8)
Series E dividend accrued	—	—	—	—	—	(231)	(231)
Series G dividend accrued	—	—	—	—	—	(114)	(114)
Common stock issued for service	—	—	17,360	—	98	—	98
Series G Write off	—	—	—	—	—	—	—
Cancelled Shares of Series G	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	318	—	318
Net loss	—	—	—	—	—	(5,721)	(5,721)
Balances as of June 30, 2015	759,159	$12,216	7,084,970	$ 7	$62,691	$ (71,503)	$ 3,411
Common Stock issued for cash	—	—	13,334	—	63	—	63
Common stock issued for funding fees	—	—	74	—	—	—	—
Common stock issued for acquisition of Diogneix	—	—	—	—	—	—	—

Series E BCF Adj for Price reset from $7.50 to $4.50	—	—	—	—	—	—	—
Common Stock issued for Series D convertible preferred stock quarterly dividend	—	—	18,909	—	8	—	8
Common Stock issued for Series E convertible preferred stock quarterly dividend	—	—	416,173	—	230	—	230
Common Stock issued for Series G convertible preferred stock quarterly dividend	—	—	1,452,400	1	2,086	—	2,087
Series G Remainder	—	—	—	—	390	—	390
Sale of Series E preferred stock	2,166	1,949	—	—	—	—	1,949
Sale of Series G preferred stock	535	2,000	—	—	—	—	2,000
Sale of Series H preferred stock	3,056	2,413	—	—	—	—	2,413
Fair Value of common stock warrant issued with Series H	—	(1,548)	—	—	—	—	(1,548)
Series H BCF Adj	—	(864)	—	—	864	—	—
Deemed Dividend Series H	—	2,413	—	—	—	(2,413)	—
Cancellation of Series G	—	—	(212,087)	—	—	—	—
Series E convertible preferred stock accretion of beneficial conversion feature as deemed dividend	—	—	—	—	50	(50)	—
Legal fees related to stock financing	—	—	—	—	(135)	—	(135)
Common Stock issued in conversion of Series D pref stock	(350)	(315)	77,778	—	315	—	—
Common Stock issued in conversion of Series E pref stock	—	—	—	—	—	—	—
Common Stock issued in conversion of Series G pref stock	(1,622)	(6,950)	201,112	—	1,810	—	(5,140)
Common stock issued as fee for debt financing arrangement	—	—	—	—	—	—	—
Series D dividend accrued	—	—	—	—	—	(1)	(1)
Series E dividend accrued	—	—	—	—	—	(289)	(289)
Series G dividend accrued	—	—	—	—	—	(1,974)	(1,974)
Common stock issued for service	—	—	60,000	—	184	—	184
Nervada Warrant Liability issued in connection with issuance of Series H	—	—	—	—	600	—	600
Stock-based compensation expense	—	—	—	—	401	—	401
Net loss	—	—	—	—	—	(5,442)	(5,442)
Balances as of September 30, 2015	762,944	11,314	9,112,663	8	69,557	(81,672)	(793)

See notes to condensed consolidated financial statements.

Amarantus Bioscience Holdings, Inc

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands)

	Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities		
Net loss	$ (17,744)	$ (13,965)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	60	17
Amortization of debt discount	—	582
Amortization of deferred financing fees	104	145
Amortization of intangible assets	96	86
Stock issued for services	388	648
Write-off of clinical material	—	500
Reserve for investment	—	25
Loss on stock issuance	1,645	250
Loss on warrant issuance	—	3,867
Non-cash interest expense related to demand promissory note, warrants and derivative	—	37
	—	(356)

Change in fair value of warrants and derivative liability		
Stock-based compensation expense	1,208	914
Changes in assets and liabilities:		
Restricted Cash	—	(129)
Clinical trial material	—	(500)
Deferred funding fees	(150)	116
Prepaid expenses and other current assets	(50)	(180)
Accounts Payable and accrued expenses	107	947
Related party liabilities and accrued interest	3	3
Accrued interest	258	—
Accounts expenses and accrued interest	—	57
Net cash used in operating activities	(14,075)	(6,926)
Cash flows from investing activities		
Acquisition of DioGenix, Inc.	(1,098)	—
Investment	—	(25)
Acquisition of Cutanogen, Inc.	(4,000)	—
Acquisition of property and equipment	(11)	(144)
Acquisition other assets		(600)
Net cash used in investing activities	(5,109)	(769)
Cash flows from financing activities		
Proceeds from notes payable	4,680	500
Proceeds from senior secured convertible promissory notes	2,750	—
Proceeds from Convertible preferred stock	14,023	—
Purchase of Series G convertible preferred stock	(4,750)	

Repayment of convertible promissory notes	—	(9)
Financing costs	(288)	—
Proceeds from issuance of common stock	2,833	1,876
Proceeds from exercise of warrants	—	4,975
Net cash provided by financing activities	19,248	7,342
Net increase in cash and cash equivalents	64	(353)
Cash and cash equivalents		
Beginning of period	214	1,033
End of period	$ 278	$ 680

Amarantus Bioscience Holdings, Inc

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS, continued

(Unaudited)

(in thousands)

	Nine Months Ended September 30,	
	2015	2014
Supplemental schedule of non-cash activities:		
Common stock issued as fee for debt financing arrangement	$ 116	$ 523
Debt discount associated with convertible promissory note derivative liability	$ 7,319	$ —
Record convertible preferred stock BCF – Series H	$ 2,413	$ —
Series E Convertible preferred stock accretion of beneficial conversion feature as deemed dividend	$ 490	$ —
Series E BCF conversion price reset from $7.50 to $4.50	$ 2,835	$ —
Common stock issued for Series D preferred dividend	$ 60	$ —
Common stock issued for Series E preferred dividend	$ 660	$ —
Common stock issued for Series G preferred dividend	$ 2,088	$ —
Series D preferred stock dividend accrued	$ (34)	$ —
Series E preferred stock dividend accrued	$ (885)	$ —
Series G preferred stock dividend accrued	$ (2,088)	$ —
Exchange of notes payable for Senior secured convertible debt	$ 3,021	$ —
Note Payable to Series E preferred stock	$ 689	$ —
Convertible debentures converted and associated reclassification of derivative liabilities	$ —	$ 8,957
Debt discount written off - associated with convertible promissory notes	$ —	$ (1,823)
Stock issued for convertible promissory notes	$ —	$ 11
Convertible promissory note issued for payables and accrued liabilities	$ —	$ (2)
Stock Subscription	$ —	$ 146
Intangible assets	$ —	$ (50)
Deferred funding fees charged to equity upon sale of common stock	$ —	$ (518)
Stock issued to acquire intangible assets	$ —	$ 104
Reclass of Series D Preferred from mezzanine to equity	$ —	$ 839
Stock issued to satisfy accounts payable and accrued expenses	$ —	$ 22
Supplemental cash flow information		
Interest payments	$ 17	$ 1

See notes to condensed consolidated financial statements.

7

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share data)

(Unaudited)

1. GENERAL

Amarantus Bioscience Holdings, Inc. (”the Company”) is a California based biopharmaceutical company founded in January 2008. We own or have exclusive licenses to various product candidates in the biopharmaceutical and diagnostic areas of the healthcare industry. We are developing our diagnostic product candidates in the field of neurology, and our therapeutic product candidates in the areas of neurology, psychiatry, ophthalmology and regenerative medicine. Our business model is to develop our product candidates through various de-risking milestones that we believe will be accretive to shareholder value, and will position them to be strategically partnered with pharmaceutical companies, diagnostic companies and/or other stakeholders in order to more efficiently achieve regulatory approval and commercialization.

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

Basis of Presentation

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

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

Certain information in footnote disclosures normally included in the financial statements prepared in conformity with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to

the SEC rules and regulations for interim reporting. The financial results for the periods presented may not be indicative of the full year's results. The Company believes the disclosures are adequate to make the information presented not misleading.

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

Significant Accounting Policies

Accounting for Business Combinations

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

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

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

Goodwill and Other Identifiable Intangibles

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

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

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

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

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

Recently Issued Accounting Pronouncements

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

2. LIQUIDITY AND GOING CONCERN

The Company's activities since inception have consisted principally of acquiring product and technology rights, raising capital, and performing research and development. Successful completion of the Company's development programs and, ultimately, the attainment of profitable operations are dependent on future events, including, among other things, its ability to access potential markets; secure financing, develop a customer base; attract, retain and motivate qualified personnel; and develop strategic alliances. From inception, the Company has been funded by a combination of equity and debt financings. Although management believes that the Company will be able to successfully fund its operations, there can be no assurance that the Company will be able to do so or that the Company will ever operate profitably. Our activities since inception have consisted principally of acquiring product and technology rights, raising capital, and performing research and development. Historically, we have incurred net losses and negative cash flows from operations.

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

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which contemplate continuation of the Company as a going concern. As of September 30, 2015, the Company had cash and cash equivalents of $278. Subsequent to September 30, 2015, we sold an additional 100 shares of Series E Preferred stock and received $90 of proceeds from such sales and we sold 811 shares of Series H preferred stock and received $740 of proceeds.

The Company has incurred net losses and negative cash flows from operations. The Company believes its current capital resources are not sufficient to support its operations. Management intends to continue its research efforts and to finance operations of the Company through debt and/or equity financings. Management plans to seek additional debt and/or equity financing through private or public offerings or through a business combination or strategic partnership. There can be no assurance that the Company will be successful in obtaining additional financing on favorable terms, or at all. These matters raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

3. BUSINESS COMBINATIONS

Acquisition of Diogenix, Inc.

On January 8, 2015, we acquired DioGenix, which owns a pipeline of diagnostic tests focused on immune-mediated neurological diseases, such as multiple sclerosis (MS). Its lead product, MSPrecise, can significantly expand a physician's ability to diagnose patients that exhibit unclear neurological dysfunction.

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

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

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

We incurred acquisition costs of $169, which were expensed.

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

	Three months ended	**Nine months ended**
	September 30, 2014	**September 30, 2014**
Net Sales	$ —	$ —
Operating Expenses	207	1,4400
Loss from operations	$ (207)	$ (1,440)

Total other expenses	(117)	(351)
Net Loss	$ (324)	$ (1,791)
Basic and diluted net loss per common share	$ (0.06)	$ (0.38)

Basic and diluted weighted average common shares outstanding 5,118,000 and 4,744,000, respectively.

Condensed Consolidated Statement of Operations net loss for the third quarter of 2015 and year to date was $5,446 and $17,746 respectively, which included the results of DioGenix after the merger on January 9, 2015. The loss incurred during the first eight days of January 2015 is immaterial for comparison purposes.

4. Net loss per share

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

	For the Three Months Ended September 30,		**For the Nine Months Ended September 30,**	
	2015	2014	2015	2014
Numerator:				
Net loss	$(5,446)	$(4,399)	$(17,746)	$(13,965)
Preferred stock dividend	2,390	26	6,406	78
Net loss attributable to common stockholders	$(7,836)	$(4,425)	$(24,152)	$(14,043)
Denominator:				
Common stock – basic	8,000,000	5,118,000	7, 157,000	4,744,000
Net loss per share	$(0.98)	$(0.86)	$(3.37)	$(2.96)

Potentially dilutive securities:	September 30, 2015	September 30, 2014
Outstanding common stock options[1]	366,000	156,000
Outstanding performance based and market based common stock options	27,000	27,000
Outstanding preferred stock option[1]	17,000	17,000
Common Stock Purchase Warrants[1]	4,699,000	311,000
Related party liability	213,000	18,000
Convertible senior secured promissory note(s)[1]	6,702,000	32,000
Convertible preferred stock Series C [1]	5,000	5,000
Convertible preferred stock Series D [1]	--	287,000
Convertible preferred stock Series E [1]	1,318,000	--
Convertible preferred stock Series H [1]	3,370,000	--

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

5. intangible assets

The following table summarizes our intangible assets:

	Period Ended	
	September 30, 2015	**December 31, 2014**
Intangibles – Acquisition Diogenix (Preliminary IPRD)	$8,812	$ —
Intangibles – Acquisition patents	4,000	—
Licenses	1,685	1,685
Accumulated amortization	(283)	(188)
Total licenses, net	1,402	1,497
Total intangible assets, net	$14,214	$ 1,497

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

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

Acquisition of Diogenix (Preliminary IPRD)

On January 8, 2015, we acquired DioGenix, which owns the intellectual property rights related to a pipeline of diagnostic tests focused on immune-mediated neurological diseases, such as multiple sclerosis (MS). Its lead product, MSPrecise, can significantly expand a physician's ability to diagnose patients that exhibit unclear neurological dysfunction. Consideration paid included 662,526 shares of Company stock valued at $12.00 per share and $900 in cash for a total consideration of $8,850. In addition, the agreement provides for a contingent payment amount up to $2,000 in cash and common stock of the Company should the acquired company achieve certain milestones related to results of clinical testing and future revenue from products in development.

Asset Acquired Engineered Skin Substitute Intellectual Property - Lonza Walkersville

On July 8, 2015, Amarantus Bioscience Holdings, Inc. (the “Company”) exercised its previously disclosed option to acquire Intellectual property rights on the Engineered Skin Substitute for $4,000. Pursuant to the Agreement, the Company will be required to pay up to $5,000 in aggregate milestone payments upon the achievement of certain regulatory milestones, none of which have currently been met.

6. NOTES PAYABLE

Notes Payable

On July 1, 2015, the Company entered into a Securities Purchase Agreement (the “SPA”) with an institutional investor (the “Investor”) pursuant to which such Investor purchased an aggregate of $650 in principal amount of 12% Promissory Notes (the “Notes”) due April 2, 2016 (the “Note Transaction”). This note was shortly thereafter converted into 766 shares of Series E Convertible Preferred Stock with a 10% OID discount.

On July 9, 2015, the Company entered into a Securities Purchase Agreement (the “Notes SPA”) with four investors (the “Investors”) pursuant to which such Investors purchased an aggregate of $1,000 in principal amount of 12% Promissory Notes (the “Notes”) due July 9, 2016 (the “Note Purchase Transaction”). In connection with these Note Transactions, effective on July 9, 2015, the Company entered into a Security Agreement with the Investors (the “Security Agreement”) pursuant to which the Company agreed to grant a security interest in certain of its property (the “Collateral”) to the Investors in order to secure the prompt payment, performance and discharge in full of all of the Company’s obligations under the Notes.

Other Miscellaneous Notes Payable

During the third quarter the Company also issued multiple other Notes Payable which aggregated $180 of principal (with weighted average interest rates of 14%). These Notes Payable are generally due within one year of issuance. In the event of default 130% of principal is owed. Events of default include failure to pay principal when due and other customary events of default, which includes cross default provisions.

EVENTS OF DEFAULT

The Company is currently is in compliance with all Notes Payable.

7. SENIOR SECURED CONVERTIBLE PROMISSORY NOTES

12% Senior Secured Convertible Promissory Note and Warrants

Delafield Notes

On September 30, 2015, the Company entered into a Securities Purchase Agreement (the "Notes SPA") with an institutional investor for the sale of an aggregate principal amount $3,056 (including 10% OID) 12% Senior Secured Convertible Promissory Notes due September 29, 2016 (the "Senior Secured Notes") and a warrant to purchase 1,299,000 shares of common stock (the "PP Warrant") in a private placement offering (the "PP Offering"). The gross proceeds to the Company from the PP Offering were $2,750.

The PP Warrant is exercisable at any time on or after the earlier to occur of (i) all shares of common stock underlying the PP Warrant are registered for resale under the Securities Act of 1933, and (ii) the date six (6) months from September 30, 2015 (the earlier to occur of (i) and (ii), the "Initial Exercise Date") and on or prior to the close of business on the five-year anniversary of the Initial Exercise Date at an exercise price of $2.00 per share.

The terms of the warrants had reset provisions that precluded their inclusion as equity and was recorded as a derivative liability. See footnote 8.

Dominion Notes

On September 30, 2015, the Company entered into an exchange agreement (the “Exchange Agreement”) with an existing institutional investor pursuant to which the existing investor exchanged $3,021 (including OID and make-whole) aggregate principal amount of Notes Payable, which included principal and accrued interest for Senior Secured Convertible Notes of the Company for $3,021 aggregate principal amount of Senior Secured Notes and a common stock purchase warrant to purchase 1,299,000 with a $2.00 exercise price.

Interest Terms

The principal amount of the Senior Secured Notes shall accrue interest at a rate equal to 12% per annum, payable on the Maturity Date in cash, or, at the Company's option, in common stock or a combination thereof. At any time upon five (5) days written notice to the Investor, the Company may prepay any portion of the principal amount of the Senior Secured Notes and any accrued and unpaid interest at an amount equal to 120% of the then outstanding principal amount of the Senior Secured Notes and accrued interest or 130% if a Qualified Financing (as defined in the Senior Secured Notes) has occurred.

Security interest

In connection with the issuance of the Senior Secured Convertible Promissory Notes, the Company granted a security interest in all of its assets to the note holders.

Events of Default

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

The Company is currently is in compliance with all Senior Secured Convertible Promissory Notes.

Conversion Features

At any time after the issuance date of the Senior Secured Notes until all amounts due have been paid in full, the Senior Secured Note shall be convertible, in whole or in part, into shares of common stock at the option of the holder, at any time and from time to time. The conversion price in effect on any conversion date shall be equal to the lowest of (i) $2.50, (ii) 75% of the lowest daily VWAP in the fifteen (15) trading days prior to the conversion date, or (iii) (A) if a Public Offering (as defined in the Senior Secured Note) that is not a Qualified Public Offering (as defined in the Senior Secured Note) has occurred, 75% or (B) if a Qualified Public Offering has occurred, 80% of the lowest of the (x) per share price of shares of common stock, and (y) the lowest conversion price, exercise price or exchange price of any common stock equivalents, that are sold or issued to the public in the Public Offering or the Qualified Public Offering, respectively.

The conversion features of the notes were bifurcated from the host instrument as its conversion terms were not indexed to the company’s own stock. In addition, the warrants associated with the debt instruments were also treated as a free standing derivative liability. The total fair value of the embedded conversion feature and the warrants exceeded the net proceeds received and resulted in a loss in issuance of $1,045. See footnote 8 for inputs utilized in fair valuing the conversion option and notes.

8. FAIR VALUE MEASUREMENTS

Accounting standards have been issued which define fair value, establishes a market-based framework or hierarchy for measuring fair value and expands disclosures about fair value measurements. The standard is applicable whenever another accounting pronouncement requires or permits assets and liabilities to be measured at fair value. The standard does not expand or require any new fair value measures; however its application may change current practice.

Fair value is defined under the standard as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The standard also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value:

Level 1 — inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market
Level 2 — inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
Level 3 — inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability

The Company's financial assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2015 by level within the fair value hierarchy, are as follows:

Fair Value Measurements at September 30, 2015

	Level 1	Level 2	Level 3	Total
Warrant liability	$ —	$ —	$3,720	$3,720
Derivative Liability	—	—	4,645	4,645
Total fair value	$ —	$ —	$8,365	$8,365

The following table provides a summary of changes in the fair value of the Company's Level 3 financial liabilities for September 2015:

	Warrant Liability	Derivative Liability	Total
December 31, 2014	$ —	$ —	$—
Issuance of convertible notes	—	3,720	3,720
Issuance of warrants	4,645	—	4,645
September 30, 2015	$ 4,645	$ 3,720	$8,365

As of September 30, 2015, the fair value of the warrant liability is $4,645 and the derivative liability is $3,720 and $232,988, The fair value of the warrants at September 30, 2015 were determined using the Black-Scholes model with the following assumptions:

	Warrant		Derivative	
Contractual life (years)	5		1	
Annualized volatility	250	%	97	%
Conversion price	$ 2.00		$ 0.91	
Expected dividends	0	%	0	%
Risk-free investment rate	1.3	%	0.3	%

9. commitments and contingencies

Commitments:

Sponsored Research Arrangements:

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

2015 (remaining)	$102
2016	150
Total	$252

Research, License, and Option to License Arrangements

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

10. EQUITY

Series G Preferred Stock

Issuance

In the second quarter the Company issued 1,087 shares of Series G Preferred stock for gross proceeds of $5,000, which was net of 8% original issue discount.

On July 10, 2015, the Company entered into an Amended and Restated Securities Purchase Agreement (the “Series G SPA”) with an institutional investor for the sale of 435 shares of the Company’s Series G Preferred Stock and an

additional 100 shares of Series G Preferred Stock as a fee (collectively, the “Shares”) in a registered direct offering (the “Offering”), subject to customary closing conditions. The gross proceeds to the Company from the registered direct offering were $2,000. Closing conditions were met on July 10, 2015 and the transaction was closed on July 13, 2015. The Series G Preferred Stock has a fixed conversion price of $9.00.

16

Repurchase Agreement

On September 25, 2015, the Company entered into a repurchase agreement (the "Repurchase Agreement") with the holder of all of the Company's issued and outstanding Series G Preferred Stock (the "Series G Holder") pursuant to which the Company has repurchased the remaining 1,280 are of Series G Preferred Stock and all shares of common stock held by the Series G Holder for an aggregate purchase price of $4,750. As of October 1, 2015, there are no more shares of Series G Preferred Stock issued and outstanding.

Conversions during the Quarter

342 shares of Series G converted through September 30, 2015 into 190,000 of common shares. In addition, the holders upon conversion received a conversion premium amount based on an agreed upon dividend rate which ranged 13-24% and six years from the date of notice of exercise. In aggregate a conversion premium amount of $1,949 was due the holders.

The conversion premium amount was converted into common stock based upon an agreed upon discount to the common stock price, which ranged between $0.90 to $3.40. This resulted in additional common stock issued of approximately 1,416,000.

Series H Preferred Stock and Warrants

On September 30, 2015, Amarantus BioScience Holdings, Inc. (the "Company") entered into a Securities Purchase Agreement (the "Series H SPA") with an institutional investor for the sale of 3,055.556 (including 10% OID) shares of the Company's 12% Series H Preferred Stock (the "Series H Preferred Stock") and a warrant to purchase 1,299,000 shares of common stock (the "RD Warrant" and together with the Series H Preferred Stock, the "Securities") in a registered direct offering (the "RD Offering"), subject to customary closing conditions. The gross proceeds to the Company from the RD Offering were $2,413, net of $337 of legal fees. Each share of Series H Preferred Stock has a stated value of $1,000 and is convertible into shares of common stock at an initial conversion price of the lower of (i) $2.50, subject to adjustment and (ii) 75%, subject to adjustment, of the lowest volume weighted average price, or VWAP, during the fifteen (15) Trading Days immediately prior to the date a conversion notice is sent to the Company by a holder, at any time at the option of the holder. The proceeds of the raise was used to buyout the holders of the Series G. A minimal amount was remaining and was included as a dividend.

The RD Warrant is exercisable at any time on or after the earlier to occur of (i) all shares of common stock underlying the RD Warrant are registered for resale under the Securities Act of 1933, and (ii) the date six (6) months from September 30, 2015 (the earlier to occur of (i) and (ii), the "Initial Exercise Date") and on or prior to the close of business on the five-year anniversary of the Initial Exercise Date at an exercise price of $2.00 per share. The warrant had price protection terms that precluded an equity classification, as such $1,548 was recorded as a derivative liability and recorded as net of proceeds.

The allocation of proceeds associated with the warrants resulted in an effective conversion price that was in the money by $0.94, a beneficial conversion feature. The beneficial conversion feature was limited to $865 and along with the warrant was accreted back as a deemed dividend of $2,413.

Nervada Warrants

The Company 500,000 common stock purchase warrants to acquire to lock-up common shares held. The warrants are exercisable at $0.01 per unit. The Company fair valued the warrant at $600,000 and recorded a loss on issuance. The inputs included exercise price of $0.01, contractual term of 5 years, volatility of 250% and risk free rate of 1%. The warrants are exercisable on September 30, 2016.

11. STOCK OPTION PLANS

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

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2015	2014	2015	2014
Research and development	$93	$123	$254	$311
General and administrative	308	315	955	603
Total	$401	$438	$1,209	$914

At September 30, 2015, there was a total of approximately $2,732 of unrecognized compensation cost, related to non-vested stock option awards, which is expected to be recognized over a weighted-average period of approximately 2.7 years.

12. SUBSEQUENT EVENTS

Series H Preferred Stock and Warrants

Subsequent to September 30, 2015, we sold 822 shares of Series H Preferred Stock and warrants for gross proceeds of $750. All terms and conditions of this Series H Preferred Stock and warrants were the same as those described in Note 10.

Subsequent to September 30, 2015, we sold an additional 100 shares of Series E Preferred stock and received $90 of proceeds from such sales. All terms and conditions of this Series E Preferred Stock were the same terms as previously issued.

2,300,000 common shares were issued in connection with the conversion of 891 Series H Preferred stock subsequent to September 30, 2015.

1,578,000 shares of common stock were issued associated with the conversion of $550 of senior secured convertible promissory notes.

Approximately 508,000 common shares were issued to satisfy accrued dividends associated with preferred stock and common stock services.

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

Forward-Looking Statements

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

Overview

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

Principal Products in Development

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

Diagnostics Division

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

LymPro Test ®

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

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

MSPrecise®

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

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

Additional Diagnostic Biomarkers

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

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

Drug Discovery Division

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

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

Therapeutics Division

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

Eltoprazine

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

In September 2014, we submitted a request to the FDA for a review and written feedback of our Phase 2b program clinical trial design for Eltoprazine in PD LID. We have received feedback from the FDA on our trial design, and are in the process of preparing a full IND submission for this important therapeutic indication. Following initiation of our Phase 2b program clinical study of Eltoprazine in PD LID, we will submit a request to the FDA regarding further clinical development of Eltoprazine in Adult ADHD. In September2015, the company received notification of approval from the FDA that IND 124224 was approved and allows the company to commence this clinical trial.

MANF

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

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

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

Engineered Skin Substitute

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

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

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

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

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

Other

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

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

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

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

Research and development costs for the three months ended September 30, 2015 (the "Current Quarter") decreased $386 to $1,513 from $1,899 for the three months ended September 30, 2014 (the "Prior Year Quarter") primarily due to scaled back operations, clinical related costs and research arrangements.

General and administrative expenses decreased $27 to $2,043 for the Current Quarter from $2,070 for the Prior Year Quarter primarily due to reduced spending on headcount with related compensation expense.

For the Current Quarter, Other income (expense) increased $1,460 to an expense of $1,890 from $430 in the Prior Year Quarter. Interest expense increased from the prior year quarter $199 and warrant and derivative charges of $1,645.

Net loss for the Current Quarter was $5,446 as compared to a net loss of $4,399 for the Prior Year Quarter with the increase in loss driven by derivative related expenses.

Inflation adjustments have had no material impact on us.

The Nine Months Ended September 30, 2015 compared to Nine Months Ended September 30, 2014

During the Nine months ended September 30, 2015 and 2014, we generated no revenue.

Research and development costs for the Nine months ended September 30, 2015 (the “Current Period”) increased $2,191 to $6,247 from $4,056 for the Nine months ended September 30, 2014 (the “Prior Year Period”) primarily due to increases in consultants, clinical related costs and research arrangements.

General and administrative expenses increased $4,150 to $9,439 for the Current Period from $5,289 for the Prior Year Period primarily due mostly to the loss on the issuance of warrants and increased spending on headcount with related compensation expense, consulting, Lonza Option payments, acquisition costs and other professional services.

For the Current Period, Other income (expense) decreased $2,560 to an expense of $2,060 from $4,620 in the Prior Year Period. Interest expense and loss on issuance of warrants decreased $2,564. Change in fair value of warrant and derivative liability decreased $356 to $0 for the current period

Net loss for the Current Period was $17,746 as compared to a net loss of $13,965 for the Prior Year Period with the increase in loss driven by the loss on the issuance of warrants, headcount, research and development expense, consulting, Lonza Option payments, professional services and acquisition costs.

Inflation adjustments have had no material impact on us.

21

Liquidity and Capital Resources

As of September 30, 2015, we had total current assets of $1,035 consisting of $278 in cash and cash equivalents and $595 in prepaid expenses and other current assets, and $162 in deferred funding fees. As of September 30, 2015, we had current liabilities in the amount of $16,175 consisting of:

Accounts payable and accrued expenses	$6,302
Related party liabilities and accrued interest	$256
Accrued interest	$73
Notes payable	$1,180
Senior secured convertible promissory notes, net of discount $6.1 million	$—
Derivative liability	$8,364

As of September 30, 2015, the Company had a working capital deficit in the amount of $15,140 compared to a deficit of $5,917 at December 31, 2014. The increase in the working capital deficit is primarily driven by the increase in short term financing.

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

	Nine Months Ended	
	September 30,	
	2015	2014
Net cash used in operating activities	$(14,075)	$(6,926)
Net cash used in investing activities	(5,109)	(769)
Net cash provided by financing activities	19,248	7,342
Net increase in cash and cash equivalents	$64	$(353)

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

Off Balance Sheet Arrangements

Not applicable

Going Concern

We are a development stage company engaged in biotechnology research and development. We have recorded recurring losses from operations since inception; we have a negative working capital and have generated negative cash flow from operations. There is substantial doubt about our ability to continue as a going concern.

Item 3. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

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

Changes in Internal Control over Financial Reporting

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 2. Unregistered Sales of Equity Securities

On July 1, 2015 we issued 44,386 shares of our restricted common stock as consideration for a dividend payment.

On July 1, 2015 we issued 5,000 shares of our restricted common stock as consideration for services rendered.

On August 26, 2015 we issued 15,000 shares of our restricted common stock as consideration for deferred funding costs.

On September 28, 2015 we issued 389,933 shares of our restricted common for a dividend payment.

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

Item 3. Exhibits

Exhibit Number	Description of Exhibit
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Accounting Office pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

25

SIGNATURES

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

Amarantus Bioscience Holdings, Inc.

Date: November 23, 2015

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

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

(Principal Financial and Accounting Officer)