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Amarantus Completes Sale of Diagnostics Division, Announces Fiscal Year 2015 and First Quarter 2016 Financial Results

SAN FRANCISCO, June 3, 2016 /PRNewswire/ --

Amarantus BioScience Holdings, Inc. (OTCQX: AMBS), a biotechnology company focused on developing products for Regenerative Medicine, Neurology and Orphan Diseases, today announced the closing of the sale of its wholly-owned subsidiary Amarantus Diagnostics, Inc. to Avant Diagnostics, Inc. (OTCQB: AVDX), and reported consolidated financial statements for fiscal year 2015, and for the first quarter of 2016.

Under the terms of the sale to Avant, Amarantus received:

- 80 million shares of Avant common stock;
- The market value of the common stock as of the closing date was $25.6 million;
- Amarantus' equity stake in Avant represents approximately 38% of the fully-diluted shares.

"The sale of Amarantus Diagnostics to Avant was an important step for the Company as we continue to streamline our focus on our therapeutic portfolio," said Gerald E. Commissiong, President & CEO of Amarantus. "As we move forward, the Company will be investing the majority of its resources on the clinical development of the Engineered Skin Substitute (ESS) program for the treatment of severe burns, a program that is expected to enter human clinical trials in the 2nd quarter of this year. In parallel, the Company continues to evaluate value-building strategic options for all of its therapeutic assets, including ESS, Eltoprazine and MANF."

2016 UPCOMING MILESTONES

- Open enrollment at the military site for the Phase 2 clinical study of ESS for the treatment of adult severe burns in 2Q 2016;
- Open enrollment at two additional civilian trauma centers for the Phase 2 ESS clinical study;
- Complete review of strategic options to re-initiate clinical development of Eltoprazine;
- Initiate second phase of MANF cGMP process development and manufacturing.

2015 and EARLY 2016 CORPORATE HIGHLIGHTS

ESS (also known as Permaderm™)

- Completion of the Cutanogen Corporation acquisition, resulting in the transfer of the underlying ESS intellectual property and proprietary manufacturing process to Amarantus;
- Reporting of 13-year longitudinal follow-up data on one of the original over 150 pediatric patients having received ESS treatment in previous physician-sponsored studies, which support the hypothesis that ESS grafts can grow with patients as they mature;
- Execution of a Collaborative Research and Development Agreement (CRADA) Partnership with US Army and Rutgers for the Treatment of Severe Thermal Burn Wounds;
- Receipt of dual Notices of Allowance in Europe entitled "A method of producing a cultured skin device" and a related divisional application;

Eltoprazine

- Publication of positive Phase 2a clinical trial data in the scientific journal *BRAIN* on eltoprazine's safety and efficacy in the treatment of levodopa-induced dyskinesia (PD-LID);
- Reporting of positive Phase 2 data in the treatment of Alzheimer's Aggression;
- Opening of an IND with FDA's neurology division to initiate Phase 2b clinical program in the treatment of PD-LID (paused in October 2015 due to resource constraints);
- Receipt of Orphan Drug Designation (ODD) in the treatment of PD-LID from the US FDA;
- Notice of Allowance for U.S. Patent Application Covering Method of Treating PD-LID ;
- Issuance of Patent in Australia covering use in treatment of Parkinson's disease and Alzheimer's disease;
- Issuance of US patent covering use in the treatment of Parkinson's disease.

MANF

- Initiation of cGMP process development with Catalent;
- Presentation of positive data showing MANF's positive effect on retinal function at Association for Research in Vision and Ophthalmology (ARVO) 2015 annual meeting;
- Publication of positive pre-clinical data showing targeted brain delivery of MANF in Parkinson's disease in the peer-reviewed publication Journal of Neurological Sciences;
- Orphan Drug Designation from the US FDA in treatment of retinal artery occlusion (RAO) and from the EMA in the treatment of retinitis pigmentosa (RP);
- Issuance of additional composition of matter claims in the United States;
- Issuance of patent in China covering use in the treatment of Parkinson's disease.

LymPro Test™ (now being developed by Avant Diagnostics, Inc.)

- Positive data from a blinded study (LP-002) presented in two posters at the

Alzheimer's Association International Conference. The data supported the future use of this minimally invasive blood-based test to diagnose Alzheimer's disease vs. healthy controls, and demonstrated the test's consistent analytical performance.

MSPrecise™ (now being developed by Avant Diagnostics, Inc.)

- Acquisition of Diogenix, Inc. (now part of Avant Diagnostics, Inc), the developer of the MSPrecise diagnostic test for multiple sclerosis (MS);
- Publication of positive initial human clinical validation data in the scientific journal *GENE*;

Corporate

- Appointment of Curt L. Scribner as Sr. Vice President of Regulatory Affairs;
- Appointment of Ravi Kiron as Sr. Vice President of Business Development
- Various debt and equity capital raises through totaling $31,240,400 during 2015 and through first quarter of 2016. Out of the $31,240,400 that the Company raised, $5,855,000 was used to redeem a portion of the Company's outstanding preferred shares, and for repayment of certain indebtedness of the Company. Specifically:
    - $4,750,000 was paid to the holders of Series G preferred shares to redeem all outstanding Series G shares;
    - $625,000 was paid to certain holders of Series E preferred shares to redeem their shares of Series E stock;
    - $375,000 was paid to certain holders of Series H preferred shares to redeem their shares of Series H stock;
    - $105,000 was paid to certain lenders in payment of promissory notes.

FULL YEAR 2015 FINANCIAL SUMMARY

Research and development costs for the twelve months ended December 31, 2015 decreased by $506,000 to $13,256,000 from $13,762,000 for the twelve months ended December 31, 2014. During the year ended December 31, 2015, our research and development costs consisted primarily of start-up clinical expenses, project supplies and expenses paid to consultants, offset by lower in-process research and development costs than were incurred in 2014.

G&A expenses for the twelve months ended December 31, 2015 increased by $3,973,000 to $11,565,000 from $7,592,000 for the twelve months ended December 31, 2014. General and administrative expenses increased from 2014 to 2015 primarily due to increased patent related legal costs, outside services and stock-based compensation.

Other income (expense) for the twelve months ended December 31, 2015 decreased by $5,530,000 to $393,000 from $5,923,000 for the twelve months ended December 31, 2014. The primary reasons for this decrease include the following:

- We incurred total interest expense of approximately $2.2 million for the year ended December 31, 2015 as a result of the recognition of stated interest of debt issued;

- We incurred a loss on extinguishment of approximately $1.3 million for the year ended

December 31, 2015 from the conversion of convertible debt with a bifurcated conversion option;

- We incurred a loss on issuance of senior secured convertible notes of $1.6 million as a result of the derivative liability; and

- We incurred a loss on the issuance of warrants of approximately $3.9 million for the year ended December 31, 2014 as a result of our warrant exchange program in which existing warrant holders could receive new warrants if they exercised existing warrants. The fair value of the new warrants was determined to be greater than the fair value of the exchanged warrants, resulting in a loss on issuance. For the year ended December 31, 2015, the change in the fair value of warrants and derivative liabilities was approximately $4.1 million as a result of a decline in stock price comparing with the price on the issuance date.

Net loss for the twelve months ended December 31, 2015 was $25,214,000 compared to a net loss of $27,277,000 for the twelve months ended December 31, 2014.

As of December 31, 2015, the Company had total current assets of $0.8 million consisting of $0.2 million in cash and cash equivalents and $0.6 million in prepaid expenses and other current assets. As of December 31, 2015, the Company had current liabilities in the amount of $16.2 million.

FIRST QUARTER 2016 FINANCIAL SUMMARY

Research and development costs for the three months ended March 31, 2016 decreased $1,120,000 to $1,357,000 from $2,477,000 for the three months ended March 31, 2015, primarily related to a decrease in start-up clinical expenses, project supplies and expenses paid to consultants relating to the Eltoprazine clinical development program, which has been paused.

General and administrative expenses for the three months ended March 31, 2016 decreased $2,766,000 to $1,295,000 from $4,061,000 for the three months ended March 31, 2015, primarily due to the fact that no expenses were paid to Lonza Walkersville, Inc. in connection with amendments to the Company's option agreement for the acquisition of Cutanogen Corporation, as was the case in 2015. Additional factors contributing to the decrease in general and administrative expenses are decreased compensation expense paid to employees, consultants and other professional services.

Other income (expense) for the three months ended March 31, 2016 increased $1,118,000 to $1,076,000 from ($42,000) for the three months ended March 31, 2015.

As of March 31, 2016, the Company had total current assets of $942,000 consisting of $100,000 in cash and cash equivalents and $842,000 in prepaid expenses and other current assets.

About Amarantus BioScience Holdings, Inc.

Amarantus BioScience Holdings (AMBS) is a biotechnology company developing

treatments and diagnostics for diseases in the areas of neurology, regenerative medicine and orphan diseases. AMBS acquired the rights to the Engineered Skin Substitute program (ESS), a regenerative medicine-based approach for treating severe burns with full-thickness autologous skin grown in tissue culture. ESS is entering Phase 2 clinical studies under a CRADA agreement with the US Army. AMBS has development rights to eltoprazine, a Phase 2b-ready small molecule indicated for Parkinson's disease levodopa-induced dyskinesia, adult ADHD and Alzheimer's aggression, and owns the intellectual property rights to a therapeutic protein known as mesencephalic astrocyte-derived neurotrophic factor (MANF) and is developing MANF-based products as treatments for brain and ophthalmic disorders. MANF was discovered from the Company's proprietary discovery engine PhenoGuard. AMBS also owns 80 million shares of Avant Diagnostics, Inc. via the sale of its wholly-owned subsidiary Amarantus Diagnostics, Inc.

For further information please visit http://www.Amarantus.com, or connect with the Company on Facebook, LinkedIn, Twitter and Google+.

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 effect 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.

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SOURCE Amarantus BioScience Holdings, Inc.