Capstone Therapeutics Corp.
Form 10-Q
August 14, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2017

or

[ ] **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: 0-21214

CAPSTONE THERAPEUTICS CORP.
(Exact name of registrant as specified in its charter)

Delaware	86-0585310
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1275 W. Washington Street, Suite 104, Tempe, Arizona	85281
(Address of principal executive offices)	(Zip Code)

(602) 286-5520
(Registrant's telephone number, including area code)

(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. See the definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. Large accelerated filer Accelerated filer ___
Non-accelerated filer ___ (do not check if a smaller reporting company) Smaller reporting company _X__

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).
Emerging growth company [_]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [_]

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

54,385,411 shares of common stock outstanding as of August 1, 2017

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CAPSTONE THERAPEUTICS CORP.

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Forward Looking Statements

We may from time to time make written or oral forward-looking statements, including statements contained in our filings with the Securities and Exchange Commission and our reports to stockholders. The safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 protects companies from liability for their forward looking statements if they comply with the requirements of that Act. This Quarterly Report on Form 10-Q should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2016, and contains forward-looking statements made pursuant to that safe harbor. These forward-looking statements relate to future events or to our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “continue,” or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect actual results, levels of activity, performance or achievements. Factors that may cause actual results to differ materially from current expectations, which we describe in more detail in this section titled “Risks,” include, but are not limited to:

- failure of the Company, or its joint venture, LipimetiX Development, Inc., to obtain additional funds to continue operations;
- effect of non-compliance with the Securities and Exchange Commission’s (“SEC”) Rules and Regulations requiring our Annual Report on Form 10-K for the years ended December 31, 2016 and 2015, filed with the SEC on March 15, 2017 and March 30, 2016, respectively, to include an opinion of an Independent Public Accountant, and our Current Reports on Form 10-Q filed with the Securities Exchange Commission in 2016 and 2017 to be reviewed by an Independent Public Accountant;
- failure of the Company’s common stock to continue to be listed at the OTCQB stock market;
- the impact of the terms or conditions of agreements associated with funds obtained to fund operations;
- failure to obtain additional funds required to complete clinical trials and supporting research and production efforts necessary to obtain FDA or comparable foreign agencies approval for product candidates or secure development agreements with pharmaceutical manufacturers;
- the impact of using a virtual operating model;
- unfavorable results of product candidate development efforts;
- unfavorable results of pre-clinical or clinical testing;
- delays in obtaining, or failure to obtain FDA or comparable foreign agencies approvals;
- increased regulation by the FDA or comparable foreign agencies;
- the introduction of competitive products;
- impairment of license, patent or other proprietary rights;
- the impact of present and future joint venture, collaborative or partnering agreements or the lack thereof; and
- failure to successfully implement our drug development strategy for AEM-28 and its analogs.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what we projected. Any forward-looking statement you read in this Quarterly Report on Form 10-Q reflects our current views with respect to future events and is subject to these and

other risks, uncertainties and assumptions relating to our operations, results of operations, business strategy and liquidity. We assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

PART I – Financial Information

Item 1. Financial Statements

CAPSTONE THERAPEUTICS CORP.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

(Unaudited)

	June 30, 2017 (Unaudited)	December 31, 2016 (Unaudited)
ASSETS		
Current assets		
Cash and cash equivalents	$437	$698
Other current assets	47	131
Total current assets	484	829
Patent license rights, net	274	353
Furniture and equipment, net	-	-
Total assets	$758	$1,182
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$393	$249
Other accrued liabilities	80	55
Convertible Promissary Notes Payable	1,000	1,000
Total current liabilities	1,473	1,304
Equity		
Capstone Therapeutics Corp. Stockholders' Equity		
Common Stock $.0005 par value; 150,000,000 shares authorized; 40,885,411 shares outstanding June 30, 2017 and December 31, 2016 - See Note F	20	20
Additional paid-in capital	189,477	189,477
Accumulated deficit	(190,212)	(189,619)
Total Capstone Therapeutics Corp. stockholders' equity (deficit)	(715)	(122)
Noncontrolling interest	-	-
Total equity	(715)	(122)

Total liabilities and equity	$758	$1,182

See notes to unaudited consolidated financial statements

CAPSTONE THERAPEUTICS Corp.

CONDENSED CONSOLIDATED Statements of Operations

(in thousands, except per share data)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
OPERATING EXPENSES				
General and administrative	$102	$157	$215	$382
Research and development	112	220	379	377
Total operating expenses	214	377	594	759
Interest and other expense, net	(6)	25	9	36
Loss from operations before taxes	208	402	603	795
Income tax benefit	(2)	(12)	(10)	(26)
NET LOSS	206	390	593	769
Less: Net Loss attributable to the noncontrolling interest	-	-	-	-
Net Loss attributable to Capstone Therapeutics Corp. stockholders	$206	$390	$593	$769
Per Share Information:				
Net loss, basic and diluted, attributable to Capstone Therapeutic Corp. stockholders	$0.01	$0.01	$0.01	$0.02
Basic and diluted shares outstanding	40,885	40,885	40,885	40,885

See notes to unaudited condensed consolidated financial statements

CAPSTONE THERAPEUTICS Corp.

CONDENSED CONSOLIDATED Statements of CASH FLOWS

(in thousands)

(Unaudited)

	Six months ended June 30,	
	2017	2016
OPERATING ACTIVITIES		
Net loss	$(593)	$(769)
Non cash items:		
Depreciation and amortization	86	89
Non-cash stock-based compensation	-	32
Change in other operating items:		
Other current assets	77	159
Accounts payable	144	148
Other accrued liabilities	25	22
Cash flows used in operating activities	(261)	(319)
INVESTING ACTIVITIES		
Cash flows provided by investing activities	-	-
FINANCING ACTIVITIES		
Cash flows provided by financing activities	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(261)	(319)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	698	1,011
CASH AND CASH EQUIVALENTS, END OF PERIOD	$437	$692

See notes to unaudited consolidated financial statements

CAPSTONE THERAPEUTICS CORP.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Note A. OVERVIEW OF BUSINESS

Description of the Business

Capstone Therapeutics Corp. (the "Company", "we", "our" or "us") is a biotechnology company committed to developing a pipeline of novel peptides aimed at helping patients with under-served medical conditions. Previously, we were focused on the development and commercialization of two product platforms: AZX100 and Chrysalin (TP508). In 2012, we terminated the license for Chrysalin (targeting orthopedic indications). In 2014, we terminated the license for AZX100 (targeting dermal scar reduction). Capstone no longer has any rights to or interest in Chrysalin or AZX100.

On August 3, 2012, we entered into a joint venture, LipimetiX Development, LLC, (now LipimetiX Development, Inc.), (the "JV"), to develop Apo E mimetic peptide molecule AEM-28 and its analogs. The JV had a development plan to pursue regulatory approval of AEM-28, and/or an analog, as treatment for Homozygous Familial Hypercholesterolemia (granted Orphan Drug Designation by FDA in 2012) and other hyperlipidemic indications. The initial development plan extended through Phase 1a and 1b/2a clinical trials and was completed in the fourth quarter of 2014. The clinical trials had a safety primary endpoint and an efficacy endpoint targeting reduction of cholesterol and triglycerides.

The JV received allowance from regulatory authorities in Australia permitting the JV to proceed with the planned clinical trials. The Phase 1a clinical trial commenced in Australia in April 2014 and the Phase 1b/2a clinical trial commenced in Australia in June 2014. The clinical trials for AEM-28 were randomized, double-blinded, placebo-controlled studies to evaluate the safety, tolerability, pharmacokinetics and pharmacodynamics of six escalating single doses (Phase 1a in healthy patients with elevated cholesterol) and multiple ascending doses of the three highest doses from Phase 1a (Phase 1b/2a in patients with hypercholesterolemia and healthy volunteers with elevated cholesterol and high Body Mass Index). The Phase 1a clinical trial consisted of 36 patients and the Phase 1b/2a consisted of 15 patients. Both clinical trials were completed in 2014 and the Medical Safety Committee, reviewing all safety-related aspects of the clinical trials, observed a generally acceptable safety profile. As first-in-man studies, the primary endpoint was safety; yet efficacy measurements analyzing pharmacodynamics yielded statistical significance in the pooled dataset favoring AEM-28 versus placebo in multiple lipid biomarker endpoints.

Concurrent with the clinical development activities of AEM-28, the JV has performed pre-clinical studies that have identified an analog of AEM-28, referred to as AEM-28-14, and a new formulation, that has the potential of increased efficacy, higher human dose toleration and an extended composition of matter patent life (application filed with the U.S. Patent and Trademark Office in 2015). The JV's current intent is to prioritize the development of AEM-28-14.

The JV and the Company are exploring fundraising, partnering or licensing, to obtain additional funding to continue development activities of AEM-28-14, and operations.

The JV and the Company do not have sufficient funding at this time to continue additional material development activities of AEM-28-14. The JV may conduct future clinical trials in Australia, the USA, and other regulatory jurisdictions if regulatory approvals, additional funding, and other conditions permit.

The Company, funding permitting, intends to continue limiting its internal operations to a virtual operating model while monitoring and participating in the management of JV's AEM-28-14 development activities.

Description of Current Peptide Drug Candidates.

Apo E Mimetic Peptide Molecule – AEM-28 and its analogs

Apolipoprotein E is a 299 amino acid protein that plays an important role in lipoprotein metabolism. Apolipoprotein E (Apo E) is in a class of protein that occurs throughout the body. Apo E is essential for the normal metabolism of cholesterol and triglycerides. After a meal, the postprandial (or post-meal) lipid load is packaged in lipoproteins and secreted into the blood stream. Apo E targets cholesterol and triglyceride rich lipoproteins to specific receptors in the liver, decreasing the levels in the blood. Elevated plasma cholesterol and triglycerides are independent risk factors for atherosclerosis, the buildup of cholesterol rich lesions and plaques in the arteries. AEM-28 is a 28 amino acid mimetic of Apo E and AEM-28 and its analogs, including AEM-28-14, is a 28 amino acid mimetic of Apo E (with an aminohexanoic acid group and a phospholipid), and both contain a domain that anchors into a lipoprotein surface while also providing the Apo E receptor binding domain, which allows clearance through the heparan sulfate proteoglycan (HSPG) receptors (Syndecan-1) in the liver. AEM-28 and its analogs, including AEM-28-14, as Apo E mimetics, have the potential to restore the ability of these atherogenic lipoproteins to be cleared from the plasma, completing the reverse cholesterol transport pathway, and thereby reducing cardiovascular risk. This is an important mechanism of action for AEM-28-14. Atherosclerosis is the major cause of cardiovascular disease, peripheral artery disease and cerebral artery disease, and can cause heart attack, loss of limbs and stroke. Defective lipid metabolism also plays an important role in the development of adult onset diabetes mellitus (Type 2 diabetes), and diabetics are particularly vulnerable to atherosclerosis, heart and peripheral artery diseases. Our joint venture has an Exclusive License Agreement with the University of Alabama at Birmingham Research Foundation for a broad domain of Apo E mimetic peptides, including AEM-28 and its analogs.

Company History

Prior to November 26, 2003, we developed, manufactured and marketed proprietary, technologically advanced orthopedic products designed to promote the healing of musculoskeletal bone and tissue, with particular emphasis on fracture healing and spine repair. Our product lines, which included bone growth stimulation and fracture fixation devices, are referred to as our "Bone Device Business." In November 2003, we sold our Bone Device Business.

In August 2004, we purchased substantially all of the assets and intellectual property of Chrysalis Biotechnology, Inc., including its exclusive worldwide license for Chrysalin, a peptide, for all medical indications. Subsequently, our

efforts were focused on research and development of Chrysalin with the goal of commercializing our products in fresh fracture healing. (In March 2012, we returned all rights to the Chrysalin intellectual property and no longer have any interest in, or rights to, Chrysalin.)

In February 2006, we purchased certain assets and assumed certain liabilities of AzERx, Inc. Under the terms of the transaction, we acquired an exclusive license for the core intellectual property relating to AZX100, an anti-fibrotic peptide. In 2014, we terminated the License Agreement with AzTE (Licensor) for the core intellectual property relating to AZX100 and returned all interest in and rights to the AZX100 intellectual property to the Licensor.

On August 3, 2012, we entered into a joint venture (see Note B below), to develop Apo E mimetic peptide molecule AEM-28 and its analogs.

Our development activities represent a single operating segment as they share the same product development path and utilized the same Company resources. As a result, we determined that it is appropriate to reflect our operations as one reportable segment.

OrthoLogic Corp. commenced doing business under the trade name of Capstone Therapeutics on October 1, 2008, and we formally changed our name from OrthoLogic Corp. to Capstone Therapeutics Corp. on May 21, 2010.

In these notes, references to “we”, “our”, “us”, the “Company”, “Capstone Therapeutics”, “Capstone”, and “OrthoLogic” refer Capstone Therapeutics Corp. References to our joint venture or “JV”, refer to LipimetiX Development, Inc. (formerly LipimetiX Development, LLC).

Basis of presentation, Going Concern, and Management’s Plans. The accompanying financials statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

Management has determined that the Company will require additional capital above its current cash and working capital balances to further develop AEM-28-14 or continue operations. Accordingly, the Company has significantly reduced its development activities. The Company’s corporate strategy is to raise funds by possibly engaging in a strategic/merger transaction, or conducting a private or public offering of debt or equity securities for capital. The audit opinion of our independent accounting firm on our December 31, 2014 financial statements, included in our Annual report on Form 10-K filed with the Securities and Exchange Commission on March 16, 2015, included an explanatory paragraph as to the uncertainty with regards to our ability to raise funds to implement the future business strategy of the Company, raising substantial doubt about the Company’s ability to continue as a going concern. In August 2016, the Company’s joint venture raised net funds of $946,000 in a Series B-1 Preferred Stock and Warrant offering. As described in Note F to the Financial Statements included in this Quarterly Report on Form 10-Q, the Company, on July 14, 2017, raised $3,440,000, with net proceeds of approximately $2,078,000, after paying off the Convertible Promissory Notes described in Note C and transaction costs. As discussed in Note B to the Financial Statements included in this Quarterly Report on Form 10-Q, in August 2017, the Company used $1,000,000 of the net proceeds to purchase 93,458 shares of LipimetiX Development, Inc.’s Series B-2 Preferred Stock. These funds will allow the joint venture to continue its development activities, but additional funds will be required for the joint venture to reach its AEM-28-14 development goals and for the Company to continue its planned operations.

These financial statements have been prepared on a going concern basis and do not include any adjustments that might result the future success or lack thereof, of fundraising activities.

In the opinion of management, the unaudited condensed interim financial statements include all adjustments necessary for the fair presentation of our financial position, results of operations, and cash flows, and all adjustments were of a

normal recurring nature. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the complete fiscal year. The financial statements include the consolidated results of Capstone Therapeutics Corp. and our 64% (62.2% on a Series B-1 and B-2 Preferred Stock as-converted basis) owned subsidiary, LipimetiX Development, Inc. Intercompany transactions have been eliminated.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to Securities and Exchange Commission rules and regulations, although we believe that the disclosures herein are adequate to make the information presented not misleading. These unaudited condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2016.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires that management make a number of assumptions and estimates that affect the reported amounts of assets, liabilities, and expenses in our financial statements and accompanying notes. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Although these estimates are based on management's assumptions regarding current events and actions that may impact us in the future, actual results may differ from these estimates and assumptions.

The Convertible Promissory Notes, as described in Note C to the Financial Statements included in this Quarterly Report on Form 10-Q, were previously classified as a long-term payable due to their right to be converted into either the Company's common stock or preferred stock. As part of the July 14, 2017 sale of the Company's common stock and receipt of a secured loan, as described in Note F to the Financial Statements included in this Quarterly Report on Form 10-Q, the Convertible Promissory Notes' Lenders elected to have the Convertible Promissory Notes paid off and not to convert the debt into either the Company's Common Stock or Preferred Stock. Accordingly, the Convertible Promissory Notes have been reclassified to current liabilities.

Legal and Other Contingencies

The Company is subject to legal proceedings and claims that arise in the ordinary course of business. The Company records a liability when it is probable that a loss has been incurred and the amount is reasonably estimable. There is significant judgment required in both the probability determination and as to whether an exposure can be reasonably estimated. In the opinion of management, there was not at least a reasonable possibility the Company may have incurred a material loss with respect to loss contingencies.

Joint Venture Accounting

The Company entered into a joint venture in which it has contributed $6,000,000, and the noncontrolling interests have contributed certain patent license rights. As discussed in Note B to the Financial Statements included in this Quarterly Report on Form 10-Q, in August 2017, the Company purchased 93,458 shares of LipimetiX Development, Inc.'s Series B-2 Preferred Stock for $1,000,000. Neither the Company nor the noncontrolling interests have an obligation to contribute additional funds to the joint venture or to assume any joint venture liabilities or to provide a guarantee of either joint venture performance or any joint venture liability. The financial position and results of operations of the joint venture are presented on a consolidated basis with the financial position and results of operations of the Company. Intercompany transactions have been eliminated. Joint venture losses were recorded on the basis of common ownership equity interests until common ownership equity was reduced to $0. Subsequent joint venture losses were allocated to the Series A and B-1 preferred ownership. Subsequent to March 31, 2013, all joint

venture losses had been allocated to the Company. On August 25, 2016, the JV raised $1,012,000 ($946,000 net of issuance costs) in a Series B-1 Preferred Stock and Warrant offering and in 2016, $946,000 in losses were allocated to the Series B-1 Preferred Stock ownership interests. As of June 30,2017, losses incurred by the JV exceeded the capital accounts of the JV. The Company has a revolving loan agreement with the joint venture to advance the joint venture funds for operations in an amount not to exceed a net (net of expected tax credits or other funds obtained) of $1,600,000, with the net amount due December 31, 2016. As described in Note C to the Financial Statements included in this Quarterly Report on Form 10-Q, the due date of the revolving loan has been extended to July 15, 2020, with early payment required upon certain additional funding of the joint venture by non-affiliated parties. Losses incurred by the joint venture in excess of the capital accounts of the joint venture will be allocated to the Company to the extent of net outstanding advances.

Cash and Cash Equivalents

At June 30, 2017, cash and cash equivalents included money market accounts.

Recent Accounting Pronouncements

In August 2014, the Financial Accounting Standards Board issued Accounting Standard Update ("ASU") No. 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40)("Update"): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, providing a requirement under U.S. GAAP for an entity's management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued; and if those conditions exist, to disclose that fact, the conditions and the potential effects on the entity's ability to meet its obligations. The Update will be effective for an annual period ending after December 15, 2016, with early application permitted*. If additional funds are not obtained to continue the development of AEM-28-14, it will impair our ability to reach our joint venture AEM-28-14 development goals and possibly to continue as a going concern. In August 2016, the Company's joint venture raised net funds of $946,000 in a Series B-1 Preferred Stock and Warrant offering. As described in Note F to the Financial Statements included in this Quarterly Report on Form 10-Q, the Company on July 14, 2017, raised $3,440,000, with net proceeds of approximately $2,078,000, after paying off the Convertible Promissory Notes described in Note C and transaction costs. As discussed in Note B to the Financial Statements included in this Quarterly Report on Form 10-Q, in August 2017, the Company purchased 93,458 shares of LipimetiX Development, Inc.'s Series B-2 Preferred Stock for $1,000,000. These funds will allow the joint venture to continue its development activities, but additional funds will be required for the joint venture to reach its AEM-28-14 development goals and for the Company to continue its planned operations. If we do not continue as a going concern, the Company may incur additional losses, up to, and possibly exceeding our joint venture investment balance.

Note B. JOINT VENTURE FOR DEVELOPMENT OF APO E MIMETIC PEPTIDE MOLECULE AEM-28 AND ANALOGS

On August 3, 2012, we entered into a Contribution Agreement with LipimetiX, LLC to form a joint venture, LipimetiX Development, LLC ("JV"), to develop Apo E mimetic molecules, including AEM-28 and its analogs. In June 2015, the JV converted from a limited liability company to a corporation, LipimetiX Development, Inc. The Company contributed $6 million, which included $1 million for 600,000 voting common ownership units (now common stock), representing 60% ownership in the JV, and $5 million for 5,000,000 non-voting preferred ownership units (now preferred stock), which have preferential distribution rights. On March 31, 2016, the Company converted 1,500,000 shares of its preferred stock into 120,000 shares of common stock, increasing its common stock ownership from 60% to 64%. On August 11, 2017, the currently $3,500,000 (3,500,000 shares) of preferred stock became convertible, at the Company's option, into common stock, at the lower of the Series B-1 Preferred Stock Conversion Price, as may be adjusted for certain events, or the price of the next LipimetiX Development, Inc. financing, exceeding $1,000,000, independently set valuation and terms. On August 11, 2017, the Company purchased 93,458 shares of LipimetiX Development, Inc.'s Series B-2 Preferred Stock for $1,000,000. As discussed below, the JV Series B-1 and B-2

Preferred Stock issuances, because of the participating and conversion features of the preferred stock, effectively changes the Company's ownership in the JV to 62.2%.

LipimetiX, LLC contributed all intellectual property rights for Apo E mimetic molecules it owned and assigned its Exclusive License Agreement between The University of Alabama at Birmingham Research Foundation ("UABRF") and LipimetiX, LLC, for the UABRF intellectual property related to Apo E mimetic molecules AEM-28 and its analogs to the JV, in return for 400,000 voting common ownership units (now common stock) representing 40% ownership in JV (now 36% or 30.6% on an "as converted" basis), and $378,000 in cash (for certain initial patent-related costs and legal expenses).

On August 25, 2016, LipimetiX Development, Inc. closed a Series B-1 Preferred Stock offering, raising funds of $1,012,000 ($946,000 net of issuance costs of approximately $66,000). Individual accredited investors and management participated in the financing. This initial closing of the Series B-1 preferred stock offering resulted in the issuance of 94,537 shares of preferred stock, convertible to an equal number of the JV's common stock at the election of the holders, and warrants to purchase an additional 33,088 shares of JV preferred stock, at an exercise price of $10.70, with a ten-year term. The preferred stock represented 7.8% of the post-closing common stock of the JV, on an "as-converted" basis. Following this initial Series B-1 closing, on an "as converted" basis, the Company owned 59.3% of the JV.

As disclosed above, the Company purchased 93,458 shares of LipimetiX Development, Inc.'s Series B-2 Preferred Stock for $1,000,000. Following this Series B-2 closing, on an "as converted" basis, the Company owned 62.2% of the JV. Series B (B-1 and B-2) preferred stock is a participating preferred stock. As a participating preferred, the preferred stock will earn a 5% dividend, payable only upon the election by the JV or in liquidation. Prior to the JV common stock holders receiving distributions, the participating preferred stockholders will receive their earned dividends and payback of their original investment. Subsequently, the participating preferred will participate in future distributions on an equal "as converted" share basis with common stock holders. The Series B preferred stock has "as converted" voting rights and other terms standard to a security of this nature.

LipimetiX, LLC was formed by the principals of Benu BioPharma, Inc. ("Benu") and UABRF to commercialize UABRF's intellectual property related to Apo E mimetic molecules, including AEM-28 and analogs. Benu is composed of Dennis I. Goldberg, Ph.D. and Eric M. Morrel, Ph.D. The Exclusive License Agreement, as amended, calls for payment of patent filing, maintenance and other related patent fees, as well as a royalty of 3% on Net Sales of Licensed Products during the Term of the Agreement. The Agreement terminates upon the expiration of all Valid Patent Claims within the Licensed Patents, which are currently estimated to expire between 2019 and 2035. The Agreement, as amended, also calls for annual maintenance payments of $25,000, various milestone payments of $50,000 to $500,000 and minimum royalty payments of $500,000 to $1,000,000 per year commencing on January 1 of the first calendar year following the year in which the First Commercial Sale occurs. UABRF will also be paid 5% of Non-Royalty Income received.

Concurrent with entering into the Contribution Agreement and the First Amendment and Consent to Assignment of Exclusive License Agreement between LipimetiX, LLC, UABRF and the Company, the Company and LipimetiX, LLC entered into a Limited Liability Company Agreement for JV which established a Joint Development Committee ("JDC") to manage JV development activities. Upon conversion by the JV from a limited liability company to a corporation, the parties entered into a Stockholders Agreement for the JV, and the JDC was replaced by a Board of Directors (JV Board). The JV Board is composed of three members appointed by the non-Company common stock ownership group, three members appointed by the Company and one member appointed by the Series B-1 Preferred Stockholders. Non-development JV decisions, including the issuance of new equity, incurrence of debt, entry into strategic transactions, licenses or development agreements, sales of assets and liquidation, and approval of annual budgets, will be decided by a majority vote of the common and Series B Preferred Stock (voting on an "as converted" basis) stockholders.

The JV, on August 3, 2012, entered into a Management Agreement with Benu to manage JV development activities for a monthly fee of approximately $63,000 during the twenty-seven month development period, and an Accounting Services Agreement with the Company to manage JV accounting and administrative functions. The services related to these agreements have been completed. New Management and Accounting Services Agreements were entered into effective June 1, 2016. The new monthly management fee is $80,000 and the new monthly accounting services fee is $10,000. However, no Management or Accounting Services fees are due or payable except to the extent funding is available, as unanimously approved by members of the JV Board of Directors and as reflected in the approved operating budget in effect at that time. In connection with the Series B-1 Preferred Stock issuance, Management Fees totaling $300,000 and Accounting Fees totaling $60,000 were paid in 2016. In August 2017 the Accounting Services Agreement monthly fee was increased to $20,000 and will thereafter be accrued but not payable, until certain levels of joint venture funding are obtained from non-affiliated parties. In August 2017, a Management Fee of $150,000 payable in 2017 and $150,000 payable in 2018 was approved by the joint venture’s Board of Directors.

The joint venture formation was as follows ($000's):

Patent license rights	$1,045
Noncontrolling interests	(667)
Cash paid at formation	$378

Patent license rights were recorded at their estimated fair value and are being amortized on a straight-line basis over the key patent life of eighty months.

The financial position and results of operations of the joint venture are presented on a consolidated basis with the financial position and results of operations of the Company. Intercompany transactions have been eliminated. In the Company's consolidated financial statements, joint venture losses were recorded on the basis of common ownership equity interests until common ownership equity was reduced to $0. Subsequent joint venture losses were being allocated to the Series A preferred ownership equity (100% Company). Subsequent to March 31, 2013, all joint venture losses had been allocated to the Company. On August 25, 2016 the JV raised $1,012,000, ($946,000 net of issuance costs) in a Series B-1 Preferred Stock and Warrant offering and in 2016, $946,000 of losses were allocated to the Series B-1 Preferred Stock ownership interests. As of June 30, 2017, losses incurred by the JV exceeded the capital accounts of the JV. The Company has a revolving loan agreement with the joint venture to advance the joint venture funds for operations in an amount not to exceed a net (net of expected tax credits or other funds obtained) of $1,600,000, with the net amount due December 31, 2016. In August 2017, the due date of the revolving loan was extended toJuly 15, 2020, with early payment required upon certain additional funding of the joint venture by non-affiliated parties. Subsequent to June 30, 2017, interest due on the revolving loan will be accrued and payable only upon certain additional funding of the joint venture by non-affiliated parties. Losses incurred by the joint venture in excess of the capital accounts of the joint venture will be allocated to the Company to the extent of net outstanding advances. At June 30, 2017, outstanding advances on the revolving loan agreement totaled $1,600,000.

The joint venture incurred net operating expenses, prior to the elimination of intercompany transactions, of $409,000 in 2017 and $8,881,000 for the period from August 3, 2012 (inception) to June 30, 2017, of which $409,000, and $7,269,000, respectively, have been recorded by the Company. The joint venture operating expenses are included in research and development expenses in the condensed consolidated statements of operations.

Neither the Company nor the noncontrolling interests have an obligation to contribute additional funds to the joint venture or to assume any joint venture liabilities or to provide a guarantee of either joint venture performance or any joint venture liability. Losses allocated to the common stock noncontrolling interests represent an additional potential loss for the Company as the common stock noncontrolling interests are not obligated to contribute assets to the joint venture, and depending on the ultimate outcome of the joint venture, the Company could potentially absorb all losses associated with the joint venture. From formation of the joint venture, August 3, 2012, through June 30, 2017, losses totaling $667,000 have been allocated to the common stock noncontrolling interests. If the joint venture or Company is unable to obtain additional funding, the ability of the joint venture to continue development of AEM-28-14, would be impaired as would the joint venture's ability to continue operations. If the joint venture does not continue as a going

concern, at June 30, 2017 the Company would incur an additional loss of $667,000 for the joint venture losses allocated to the common stock noncontrolling interests.

Note C. CONVERTIBLE PROMISSORY NOTES PAYABLE

On December 11, 2015, we entered into a Securities Purchase Agreement with Biotechnology Value Fund affiliated entities Biotechnology Value Fund, L.P., Biotechnology Value Fund II, L.P., Biotechnology Value Trading Fund OS, L.P., Investment 10, LLC, and MSI BVF SPV,), which provided $1,000,000 in funding for our operations in the form of Convertible Promissory Notes. The Convertible Promissory Notes bear interest at 5% and were due April 30, 2017, with the due date subsequently extended to July 14, 2017. A portion of the funds were advanced to JV to initiate preclinical development activities for our lead commercial drug candidate, AEM-28-14. As described in Note F to this Quarterly Report on Form 10-Q, the Convertible Promissory Notes and accrued interest thereon of $1,079,000 were paid off on July 14, 2017.

Note D. Australian Refundable Research & Development Credit

In March 2014, LipimetiX Development LLC, (Now LipimetiX Development, Inc. - see Note B) formed a wholly-owned Australian subsidiary, Lipimetix Australia Pty Ltd, to conduct Phase 1a and Phase1b/2a clinical trials in Australia. Currently Australian tax regulations provide for a refundable research and development tax credit equal to either 43.5% or 45% (depending on the tax period) of qualified expenditures. Subsequent to the end of its Australian tax years, Lipimetix Australia Pty Ltd intends to submit claims for a refundable research and development tax credit. The transitional Australian tax periods/years granted for Lipimetix Australia Pty Ltd end on June 30, 2014, December 31, 2014 and thereafter December 31 of each succeeding year. For the tax year ended June 30, 2014, Lipimetix Australia Pty Ltd received a refundable research and development tax credit of AUD$227,000. For the tax years ended December 31, 2014 and 2015 Lipimetix Australia Pty Ltd received a refundable research and development tax credit of AUD$301,000 and AUD$189,000, respectively. For the year ended December 31, 2016 a AUD$84,000 refundable research and development tax credit was received by Lipimetix Australia Pty Ltd. For the six months ended June 30, 2017, an additional AUD$11,000 refundable research and development tax credit has been recorded by LipimetiX Australia Pty Ltd.

Note E: Contingency – Non-Compliance with Securities and Exchange Commission Reporting Requirements and OTCQB Market Requirements

Our current level of funds available for operation has led to additional cost cutting, which included the decision to not engage an independent public accountant to audit and express an opinion on our December 31, 2016 and 2015, respectively, financial statements included in our Annual Report on Form 10-K filed with the SEC on March 31, 2017, or to review our Current Reports on Form 10-Q filed with the SEC in 2016 and 2017, as required by current SEC rules and regulations, and as required to be listed on the OTCQB Market. We cannot currently predict the response to these actions by the SEC or the OTCQB Market, nor the effects of their actions, including the possible effect on the trading of our common stock. The decision to not engage an independent public accountant to audit and express an opinion on our December 31, 2016 and 2015 financial statements or review our Current Reports on Form 10-Q could have a material adverse effect on the Company and its Stockholders.

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Note F: SUBSEQUENT EVENTS – SALE OF COMMON STOCK, SECURED LOAN AND PAY OFF OF CONVERTIBLE PROMISSORY NOTES

As described in our Current Report on Form 8-K filed with the Securities and Exchange Commission on July 17, 2017, on July 14, 2017, the Company entered into a Securities Purchase, Loan and Security Agreement (the "Agreement") with BP Peptides, LLC ("Brookstone"). The net funds will be used to fund our operations, infuse new capital into our joint venture, LipimetiX Development, Inc. ("JV") (As described in Note B to this Quarterly Report on Form 10-Q, in August 2017, the Company purchased 93,458 shares of LipimetiX Development, Inc.'s Series B-2 Preferred Stock for $1,000,000.), to continue its AEM-28-14 development activities, and pay off the Convertible Promissory Notes (as described in Note C to this Quarterly Report on Form 10-Q) totaling $1,000,000, plus $79,000 in accrued interest.

Pursuant to the Agreement, Brookstone funded an aggregate of $3,440,000, with net proceeds of approximately $2,078,000, after paying off the Convertible Promissory Notes and transaction costs, of which $1,102,500 was for the purchase of 13,500,000 newly issued shares of our Common Stock, and $2,427,500 was in the form of a secured loan, due October 15, 2020. The secured loan bears interest at 6% per annum, with interest payable quarterly, and is secured by a security interest in all of our assets. As part of the Agreement, the Company and Brookstone entered into a Registration Rights Agreement granting Brookstone certain demand and piggyback registration rights.

As disclosed above, management has determined that the Company will require additional capital above its current cash and working capital balances to further develop AEM-28-14. Accordingly, the Company will continue to limit its development activities. The Company's corporate strategy is to raise funds either by the Company, or directly in its joint venture, by possibly engaging in a strategic/merger transaction, or conducting a private or public offering of debt or equity securities for capital.

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

The following is management's discussion of significant events in the three and six month periods ended June 30, 2017 and factors that affected our interim financial condition and results of operations. This should be read in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2016.

Overview of the Business

Capstone Therapeutics Corp. (the "Company", "we", "our" or "us") is a biotechnology company committed to developing a pipeline of novel peptides aimed at helping patients with under-served medical conditions. Previously, we were

focused on the development and commercialization of two product platforms: AZX100 and Chrysalin (TP508). In 2012, we terminated the license for Chrysalin (targeting orthopedic indications). In 2014, we terminated the license for AZX100 (targeting dermal scar reduction). Capstone no longer has any rights to or interest in Chrysalin or AZX100.

On August 3, 2012, we entered into a joint venture, LipimetiX Development, LLC, (now LipimetiX Development, Inc.), (the “JV”), to develop Apo E mimetic peptide molecule AEM-28 and its analogs. The JV has a development plan to pursue regulatory approval of AEM-28, and/or an analog, as treatment for Homozygous Familial Hypercholesterolemia (granted Orphan Drug Designation by FDA in 2012) and other hyperlipidemic indications. The initial development plan extended through Phase 1a and 1b/2a clinical trials and was completed in the fourth quarter of 2014. The clinical trials had a safety primary endpoint and an efficacy endpoint targeting reduction of cholesterol and triglycerides.

The JV received allowance from regulatory authorities in Australia permitting the JV to proceed with the planned clinical trials. The Phase 1a clinical trial commenced in Australia in April 2014 and the Phase 1b/2a clinical trial commenced in Australia in June 2014. The clinical trials for AEM-28 were randomized, double-blinded, placebo-controlled studies to evaluate the safety, tolerability, pharmacokinetics and pharmacodynamics of six escalating single doses (Phase 1a in healthy patients with elevated cholesterol) and multiple ascending doses of the three highest doses from Phase 1a (Phase 1b/2a in patients with hypercholesterolemia and healthy volunteers with elevated cholesterol and high Body Mass Index). The Phase 1a clinical trial consisted of 36 patients and the Phase 1b/2a consisted of 15 patients. Both clinical trials were completed in 2014 and the Medical Safety Committee, reviewing all safety-related aspects of the clinical trials, observed a generally acceptable safety profile. As first-in-man studies, the primary endpoint was safety; yet efficacy measurements analyzing pharmacodynamics yielded statistical significance in the pooled dataset favoring AEM-28 versus placebo in multiple lipid biomarker endpoints.

Concurrent with the clinical development activities of AEM-28, the JV has performed pre-clinical studies that have identified an analog of AEM-28, referred to as AEM-28-14, and a new formulation, that has the potential of increased efficacy, higher human dose toleration and an extended composition of matter patent life (application filed with the U.S. Patent and Trademark Office in 2015). The JV's current intent is to prioritize the development of AEM-28-14.

The JV and the Company are exploring fundraising, partnering or licensing, to obtain additional funding to continue development activities of AEM-28-14, and operations.

The JV and the Company do not have sufficient funding at this time to continue additional material development activities of AEM-28-14. The JV may conduct future clinical trials in Australia, the USA, and other regulatory jurisdictions if regulatory approvals, additional funding, and other conditions permit.

The Company, funding permitting, intends to continue limiting its internal operations to a virtual operating model while monitoring and participating in the management of JV's AEM-28-14 development activities.

Description of Current Peptide Drug Candidates.

Apo E Mimetic Peptide Molecule – AEM-28 and its analogs

Apolipoprotein E is a 299 amino acid protein that plays an important role in lipoprotein metabolism. Apolipoprotein E (Apo E) is in a class of protein that occurs throughout the body. Apo E is essential for the normal metabolism of

cholesterol and triglycerides. After a meal, the postprandial (or post-meal) lipid load is packaged in lipoproteins and secreted into the blood stream. Apo E targets cholesterol and triglyceride rich lipoproteins to specific receptors in the liver, decreasing the levels in the blood. Elevated plasma cholesterol and triglycerides are independent risk factors for atherosclerosis, the buildup of cholesterol rich lesions and plaques in the arteries. AEM-28 is a 28 amino acid mimetic of Apo E and AEM-28 and its analogs, including AEM-28-14, is a 28 amino acid mimetic of Apo E (with an aminohexanoic acid group and a phospholipid), and both contain a domain that anchors into a lipoprotein surface while also providing the Apo E receptor binding domain, which allows clearance through the heparan sulfate proteoglycan (HSPG) receptors (Syndecan-1) in the liver. AEM-28 and its analogs, including AEM-28-14, as Apo E mimetics, have the potential to restore the ability of these atherogenic lipoproteins to be cleared from the plasma, completing the reverse cholesterol transport pathway, and thereby reducing cardiovascular risk. This is an important mechanism of action for AEM-28-14. Atherosclerosis is the major cause of cardiovascular disease, peripheral artery disease and cerebral artery disease, and can cause heart attack, loss of limbs and stroke. Defective lipid metabolism also plays an important role in the development of adult onset diabetes mellitus (Type 2 diabetes), and diabetics are particularly vulnerable to atherosclerosis, heart and peripheral artery diseases. Our joint venture has an Exclusive License Agreement with the University of Alabama at Birmingham Research Foundation for a broad domain of Apo E mimetic peptides, including AEM-28 and its analogs.

Critical Accounting Policies

Our critical accounting policies are those that affect, or could affect our financial statements materially and involve a significant level of judgment by management. The accounting policies and related risks described in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 15, 2017, for the year ended December 31, 2016 are those that depend most heavily on these judgments and estimates. As of June 30, 2017, there have been no material changes to any of the critical accounting policies contained in our Annual Report for the year ended December 31, 2016.

Results of Operations Comparing Three-Month Period Ended June 30, 2017 to the Corresponding Period in 2016.

General and Administrative ("G&A") Expenses: G&A expenses related to our ongoing operations were $102,000 in the second quarter of 2017 compared to $157,000 in the second quarter of 2016. Administration expenses decreased primarily due to reductions from our cost cutting efforts.

Research and Development Expenses: Research and development expenses were $112,000 in the second quarter of 2017 compared to $220,000 in the second quarter of 2016. Our development activities of AEM-28-14 will continue to be limited, as we attempt to obtain additional funding.

Net Loss attributable to Capstone Therapeutics stockholders: We incurred a net loss in the second quarter of 2017 of $.2 million compared to a net loss of $.4 million in the second quarter of 2016. Our operations and the development activities of AEM-28-14 will continue to be limited, as we attempt to obtain additional funding.

Results of Operations Comparing Six-Month Period Ended June 30, 2017 to the Corresponding Period in 2016.

General and Administrative ("G&A") Expenses: G&A expenses related to our ongoing operations were $215,000 in the first six months of 2017 compared to $382,000 in the first six months of 2016. Administration expenses decreased primarily due to a 50% reduction in salaries and consulting fee rates taken by all staff and consultants in March 2016 and reductions from our cost cutting efforts.

Research and Development Expenses: Research and development expenses were $379,000 for the first six months of 2017 compared to $377,000 for the first six months of 2016. Our development activities of AEM-28-14 will continue to be limited, as we attempt to obtain additional funding.

Net Loss attributable to Capstone Therapeutics stockholders: We incurred a net loss in the first six months of 2017 of $.6 million compared to a net loss of $.8 million in the first six months of 2016. Our operations and the development activities of AEM-28-14 will continue to be limited, as we attempt to obtain additional funding.

Liquidity and Capital Resources

With the sale of our Bone Device Business in November 2003, we sold all of our revenue producing operations. Since that time, we have primarily relied on our cash and investments to finance all our operations, the focus of which has been research and development of our product candidates.

On August 3, 2012, we entered into a joint venture, to develop Apo E mimetic peptide AEM-28 and its analogs. We contributed $6.0 million and through September 30, 2016 we have loaned an additional $1,600,000 to the JV. The JV raised $1,012,000 ($946,000 net of issuance costs) in the JV's Series B-1 Preferred Stock and Warrant offering in August 2016. As described in Note F to the Financial Statements included in this Quarterly Report on Form 10-Q, the Company on July 14, 2017, raised $3,440,000, with net proceeds of approximately $2,078,000, after paying off the Convertible Promissory Notes described in Note C and transaction costs. At June 30, 2017, we had cash and cash equivalents of $437,000, of which $286,000 is held by our JV.

We intend to continue limiting our internal operations to a virtual operating model in 2017, however, without additional funding, we will limit the development activities of AEM-28-14. Lack of additional funding for development activities of AEM-28-14 could would impair our ability to continue our current operations as planned.

Funding permitting, our planned operations in 2017 consist of continuing monitoring and participating in the management of the JV's AEM-28-14 development activities.

Our future research and development and other expenses will vary significantly from prior periods and depend on the Company's decisions on future JV operations and obtaining additional funding.

We will require additional funds if we chose to extend the development of AEM-28-14. We cannot currently predict the amount of funds that will be required if we chose to extend the development activities of AEM-28-14 and its analogs and to continue operations. In any event, to complete the clinical trials and supporting research and production efforts necessary to obtain FDA or comparable foreign agencies' approval for product candidates would require us to obtain additional capital. New sources of funds, including raising capital through the sales of our debt or equity securities, joint venture or other forms of joint development arrangements, sales of development rights, or licensing agreements, may not be available or may only be available on terms that would have a material adverse impact on our existing stockholders' interests.

As discussed in Note F to the Financial Statement included in this Quarterly Report on Form 10-Q, on July 14, 2017, the Company received a secured loan of $2,427,500, due October 15, 2020, from BP Peptides, LLC, an entity that currently own approximately 34.1% of the Company's common stock.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial and accounting officer, has reviewed and evaluated our disclosure controls and procedures (as defined in the Securities Exchange Act Rule 13a-15(e)) as of the end of the period covered by this Form 10-Q. Based on that evaluation, our management, including our principal executive officer and principal financial and accounting officer, has concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Form 10-Q in ensuring that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to management, including our principal executive officer and principal financial and accounting officer, as appropriate, to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II – Other Information

Item 1. Legal Proceedings

None

Item 6. Exhibits

See the Exhibit Index following this report.

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.

CAPSTONE THERAPEUTICS CORP.

(Registrant)

Signature	Title	Date
/s/ John M. Holliman, III		
John M. Holliman, III	Chairman and Chief Executive Officer (Principal Executive Officer)	August 14, 2017
/s/ Les M. Taeger	Senior Vice President and Chief Financial Officer	August 14, 2017
Les M. Taeger	(Principal Financial and Accounting Officer)	

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Capstone Therapeutics Corp.

(the "Company")

Exhibit Index to Quarterly Report on Form 10-Q

For the Quarterly Period Ended June 30, 2017

No.	Description	Incorporated by Reference To:	Filed Herewith
10.1	Series B-2 Preferred Stock Purchase Agreement, dated August 11, 2017, by and between Capstone Therapeutics Corp. and LipimetiX Development, Inc.		X
10.2	First Amendment to the Amended and Restated Stockholders Agreement of LipimetiX Development, Inc., dated August 11, 2017		X
10.3	Joinder of August 25, 2016 Registration Rights Agreement of LipimetiX Development, Inc., dated August 11, 2017		X
10.4	Certificate of Amendment of Amended and Restated Certificate of Incorporation of LipimetiX Development, Inc.		X
10.5	First Amendment to Bylaws of LipimentiX Development, Inc., dated August 11, 2017		
31.1	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rule 13a-14(a), as amended.		X
31.2	Certification of Principal Financial and Accounting Officer Pursuant to Securities Exchange Act Rule 13a-14(a), as amended.		X
32	Certification of Principal Executive Officer and Principal Financial and Accounting Officer Pursuant to 18 U.S.C. Section 1350.*		
101	The following financial information from our Quarterly Report on Form 10-Q for the second quarter of fiscal year 2017, filed with the SEC on August 14, 2017 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016, (ii) the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2017 and 2016 (iii) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2017 and 2016, and (iv) Notes to Unaudited Condensed Consolidated Financial Statements.		X

* Furnished herewith