OPEXA THERAPEUTICS, INC.

FORM 424B3

(Prospectus filed pursuant to Rule 424(b)(3))

Filed 08/12/05

Address	2635 TECHNOLOGY FOREST BLVD. THE WOODLANDS, TX 77381
Telephone	(281) 272-9331
CIK	0001069308
Symbol	OPXA
SIC Code	2834 - Pharmaceutical Preparations
Fiscal Year	12/31

PHARMAFRONTIERS CORP

FORM 424B3

(Prospectus filed pursuant to Rule 424(b)(3))

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Address	2408 TIMBERLOCH PLACE, SUITE B-7
	THE WOODLANDS, Texas 77380
Telephone	(281)272-9331
CIK	0001069308
Fiscal Year	12/31

PHARMAFRONTIERS CORP.

36,148,266 Shares of Common Stock

This prospectus relates to the resale from time to time by the selling stockholders of up to 36,148,266 shares of our common stock, including 12,785,123 shares of common stock previously issued and 23,363,143 shares of common stock issuable upon the exercise of common stock purchase warrants. The selling stockholders may sell the shares of common stock from time to time in the principal market on which the stock is traded at the prevailing market price or in negotiated transactions.

Shares of our common stock are traded on the NASD OTC Bulletin Board under the symbol "PFTR.OB." On August 5, 2005, the last reported sales price for our common stock on the OTC Bulletin Board was $2.04 per share.

We will not receive any proceeds from the sale of the shares of our common stock covered by this prospectus.

INVESTING IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD READ CAREFULLY THIS ENTIRE PROSPECTUS, INCLUDING THE SECTION CAPTIONED "RISK FACTORS" BEGINNING ON PAGE 3, BEFORE MAKING A DECISION TO PURCHASE OUR STOCK.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is August 11, 2005.

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YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT. THIS PROSPECTUS MAY ONLY BE USED WHERE IT IS LEGAL TO SELL THESE SHARES OF OUR COMMON STOCK. THE INFORMATION IN THIS PROSPECTUS MAY ONLY BE ACCURATE AS OF THE DATE OF THIS PROSPECTUS.

THIS PROSPECTUS PROVIDES YOU WITH A GENERAL DESCRIPTION OF THE SHARES OF OUR COMMON STOCK THAT THE SELLING STOCKHOLDERS MAY OFFER. EACH TIME A SELLING

STOCKHOLDER SELLS SHARES OF OUR COMMON STOCK, THE SELLING STOCKHOLDER IS REQUIRED TO PROVIDE YOU WITH A PROSPECTUS CONTAINING SPECIFIC INFORMATION ABOUT THE SELLING STOCKHOLDER AND THE TERMS OF THE SHARES OF OUR COMMON STOCK BEING OFFERED TO YOU.

THIS PROSPECTUS IS PART OF A REGISTRATION STATEMENT THAT WE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION FOR A CONTINUOUS OFFERING. UNDER THIS PROSPECTUS, THE SELLING STOCKHOLDERS MAY, FROM TIME TO TIME, SELL THE SHARES OF OUR COMMON STOCK DESCRIBED IN THIS PROSPECTUS IN ONE OR MORE OFFERINGS. THIS PROSPECTUS MAY BE SUPPLEMENTED FROM TIME TO TIME TO ADD, UPDATE OR CHANGE INFORMATION IN THIS PROSPECTUS. ANY STATEMENT CONTAINED IN THIS PROSPECTUS WILL BE DEEMED TO BE MODIFIED OR SUPERSEDED FOR THE PURPOSES OF THIS PROSPECTUS TO THE EXTENT THAT A STATEMENT CONTAINED IN A PROSPECTUS SUPPLEMENT MODIFIES SUCH STATEMENT. ANY STATEMENT SO MODIFIED WILL BE DEEMED TO CONSTITUTE A PART OF THIS PROSPECTUS ONLY AS SO MODIFIED, AND ANY STATEMENT SO MODIFIED WILL BE DEEMED TO CONSTITUTE A PART OF THIS PROSPECTUS.

THE REGISTRATION STATEMENT CONTAINING THIS PROSPECTUS, INCLUDING THE EXHIBITS TO THE REGISTRATION STATEMENT, PROVIDES ADDITIONAL INFORMATION ABOUT US, THE SELLING STOCKHOLDERS AND THE SHARES OF OUR COMMON STOCK OFFERED UNDER THIS PROSPECTUS. THE REGISTRATION STATEMENT, INCLUDING THE EXHIBITS, CAN BE READ ON THE SEC WEBSITE OR AT THE SEC OFFICES MENTIONED UNDER THE HEADING "WHERE YOU CAN FIND MORE INFORMATION."

PROSPECTUS SUMMARY

THE FOLLOWING SUMMARY HIGHLIGHTS SELECTED INFORMATION FROM THIS PROSPECTUS AND DOES NOT CONTAIN ALL OF THE INFORMATION THAT YOU SHOULD CONSIDER BEFORE INVESTING IN OUR COMMON STOCK. THIS PROSPECTUS CONTAINS INFORMATION REGARDING OUR BUSINESSES AND DETAILED FINANCIAL INFORMATION. YOU SHOULD CAREFULLY READ THIS ENTIRE PROSPECTUS, INCLUDING THE HISTORICAL FINANCIAL STATEMENTS AND RELATED NOTES, BEFORE MAKING AN INVESTMENT DECISION.

IN THIS PROSPECTUS, "PHARMAFRONTIERS CORP.," THE "COMPANY," "WE," "US" OR "OUR" REFER TO PHARMAFRONTIERS CORP., A TEXAS CORPORATION, AND ITS SUBSIDIARIES, EXCEPT WHERE OTHERWISE INDICATED OR REQUIRED BY CONTEXT.

OUR BUSINESS

We are a biopharmaceutical company engaged in developing autologous personalized cell therapies. Our strategy is to develop and commercialize cell therapies to treat several major diseases including multiple sclerosis, cardiovascular diseases, and diabetes. We have an exclusive license to an individualized T cell therapy that is in two FDA Phase I/II clinical trials; a dose ranging trial and an extension study trial to evaluate its safety and effectiveness in treating multiple sclerosis. We also have an exclusive license to a stem cell technology in which adult pluripotent stem cells are derived from monocytes obtained from the patient's own blood. We are initially pursuing indications in heart failure and Type I diabetes with our stem cell therapy.

Autologous therapies use cells or other materials from the patient's own body to create treatments for the patient, thus preventing rejection complications that result when "foreign" or "non-self" cells are introduced into a patient. Cellular therapies are expected to play a large role in the treatment and cure of a broad spectrum of human diseases. According to independent market researchers, cellular therapies along with their related technologies, such as diagnostics and blood banking, may exceed $30 billion by 2010.

Our multiple sclerosis cell therapy, Tovaxin(TM), is currently in Phase I/II studies. Tovaxin(TM) consists of modified autoreactive T cells. Multiple sclerosis is a result of a person's own T cells attacking the myelin sheath that coats the nerve cells of the central nervous system. These T cells, that attack a person's own body, are referred to as "autoreactive" T cells. In our treatment the T cells are taken from the patient, modified and returned to the patient. The modified T cells cause an immune response directed at the autoreactive T cells in the patient's body. This immune response reduces the level of autoreactive T cells and potentially allows the myelin sheath to be repaired. In addition, we are evaluating whether this technology will allow us to diagnose multiple sclerosis and determine the severity of the disease through an analysis of the level of autoreactive T cells in a patient's blood.

Two clinical studies of Tovaxin(TM) have reached critical milestones:

o In one study, a first group of 10 patients has been enrolled and received two doses of Tovaxin(TM) in a repeat treatment Phase I/II protocol. This protocol is designed to determine whether patients who received clinical benefit from T cell therapy in a previous study conducted at the Baylor College of Medicine can be safely and effectively re-treated with a second-generation T cell therapy. Six-month clinical results evaluating safety, tolerability and efficacy are expected to be available by the third quarter of 2005.

o In the second study, a Phase I/II dose-escalating study designed to evaluate safety, tolerability and efficacy in 9 to 15 patients, 8 patients have completed the initial four dose injection series for two dosage levels and the 28-week portion of the study. One-year clinical results evaluating safety, tolerability, dosage timing and efficacy are expected to be available by the third quarter of 2005.

We intend to submit data from these two clinical studies to the FDA for approval to commence a pivotal Phase IIb study in the fourth quarter of 2005.

Our stem cell technology allows us to create adult pluripotent stem cells from monocytes isolated from blood drawn from the patient. We believe that these stem cells, if successfully developed, may provide the basis for therapies to treat a variety of diseases and conditions. We anticipate that our stem cell technology will have a significant competitive advantage over many of the other stem cell technologies. The peripheral blood monocytes, used by our technology to produce stem cells, have the advantage of being relatively abundant and easy and cost effective to obtain. Our technology does not have the collection and storage difficulties presented by umbilical cord blood or the controversial ethical and regulatory issues associated with embryonic stem cells. In addition, our technology is less difficult and less risky than collecting adult stem cells from tissues such as bone marrow, spinal fluid or adipose (fat) tissue. Furthermore, our stem cells are pluripotent, whereas adult stem cells used in competitive technologies are not likely to be pluripotent.

Our stem cell technology will also avoid rejection issues because it is autologous ("self"). This is as opposed to the embryonic, umbilical, and some adult stem cell technologies, which in some cases must be taken from one individual and given to another. Further, we believe our stem cell therapies will be regulated as autologous "manipulated" non-homologous use cell therapies. Thus, we use an individuals' own stem cells, and we therefore do not expect to encounter the same significant pre-clinical and clinical development regulatory hurdles that embryonic, umbilical, and some adult stem cells therapies are expected to face.

Initially we are conducting pre-clinical research to develop stem cell therapies to treat heart failure and Type I diabetes. We plan to move expeditiously through pre-clinical development of our cardiac stem cell therapy and, if successful, initiate human testing in 2006.

We believe that with our stem cell technology plus our additional technology related to the differentiation of stem cells into islet cells, we will be able to create insulin producing islet cells derived from the patient's own blood. We are currently conducting laboratory research and plan to move expeditiously through pre-clinical development of our diabetes stem cell therapy and, if successful, initiate human testing in 2006.

OUR EXECUTIVE OFFICES

Our principal executive and administrative office facility is located in The Woodlands, Texas at 2408 Timberloch, Suite B-7, The Woodlands, Texas 77380 and our telephone number is (281) 272-9331. We maintain a website at www.pharmafrontiers.net, however the information on our website is not part of this prospectus, and you should rely only on information contained in this prospectus when making a decision as to whether or not to invest in shares of our common stock.

RISK FACTORS

THE SHARES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS ANY SUCH REGULATORY BODY REVIEWED THIS MEMORANDUM FOR ACCURACY OR COMPLETENESS. THE SHARES OFFERED HEREBY ARE SPECULATIVE, INVOLVE AN UNUSUALLY HIGH DEGREE OF RISK AND SHOULD ONLY BE PURCHASED BY THOSE WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT. THEREFORE, PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS BEFORE PURCHASING THE SHARES OFFERED HEREBY.

The following factors affect our business and the industry in which it operates. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known or that we currently consider immaterial may also have an adverse effect on our business. If any of the matters discussed in the following risk factors were to occur, our business, financial condition, results of operations, cash flows, or prospects could be materially adversely affected.

RISKS RELATED TO OUR BUSINESS

WE HAVE A LIMITED OPERATING HISTORY, NO APPROVED PRODUCTS AND NO REVENUES AND ARE SUBJECT TO RISKS INHERENT IN A NEW BUSINESS ENTERPRISE.

Our business is at an early stage of development. We do not have any products in late-stage clinical trials or on the market. We are still in the early stages of identifying and conducting research on potential products. Our potential products will require significant research and development and preclinical and clinical testing prior to regulatory approval in the United States and other countries. We may not be able to develop any products, to obtain regulatory approvals, to enter clinical trials for any of our product candidates, or to commercialize any products. Our product candidates may prove to have undesirable and unintended side effects or other characteristics adversely affecting their safety, efficacy or cost-effectiveness that could prevent or limit their use. Any product using any of our technology may fail to provide the intended therapeutic benefits, or achieve therapeutic benefits equal to or better than the standard of treatment at the time of testing or production.

WE HAVE A HISTORY OF OPERATING LOSSES AND DO NOT EXPECT TO BE PROFITABLE IN THE NEAR FUTURE.

We have not generated any profits since our entry into the biotechnology business, have no source of revenues, and have incurred significant operating losses. We expect to incur additional operating losses for the foreseeable future and, as we increase our research and development activities, we expect our operating losses to increase significantly. We do not have any sources of revenues and may not have any in the foreseeable future.

WE WILL NEED ADDITIONAL CAPITAL TO CONDUCT OUR OPERATIONS AND DEVELOP OUR PRODUCTS, AND OUR ABILITY TO OBTAIN THE NECESSARY FUNDING IS UNCERTAIN.

We need to obtain significant additional capital resources through equity and/or debt financings, grants and/or collaborative research arrangements in order to develop products and continue our business. As of July 18, 2005, after closing the private offering that day, the Company had cash and cash equivalents of approximately $5,696,938. The Company's current burn rate is approximately $500,000 per month. The timing and degree of any future capital requirements will depend on many factors, including:

o the accuracy of the assumptions underlying our estimates for our capital needs in 2005 and beyond;

o scientific progress in our research and development programs;

o the magnitude and scope of our research and development programs;

o our ability to establish, enforce and maintain strategic arrangements for research, development, clinical testing, manufacturing and marketing;

o our progress with preclinical development and clinical trials;

o the time and costs involved in obtaining regulatory approvals;

o the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims; and

o the number and type of product candidates that we pursue.

We do not have any committed sources of capital. Additional financing through strategic collaborations, public or private equity financings, capital lease transactions or other financing sources may not be available on acceptable terms, or at all. Additional equity financings could result in significant dilution to our stockholders. Further, if additional funds are obtained through arrangements with collaborative partners, these arrangements may require us to relinquish rights to some of our technologies, product candidates or products that we would otherwise seek to develop and commercialize ourselves. If sufficient capital is not available, we may be required to delay, reduce the scope of or eliminate one or more of our programs, any of which could have a material adverse effect on our business.

PATENTS OBTAINED BY OTHER PERSONS MAY RESULT IN INFRINGEMENT CLAIMS AGAINST US THAT ARE COSTLY TO DEFEND AND WHICH MAY LIMIT OUR ABILITY TO USE THE DISPUTED TECHNOLOGIES AND PREVENT US FROM PURSUING RESEARCH AND DEVELOPMENT OR COMMERCIALIZATION OF POTENTIAL PRODUCTS.

A number of pharmaceutical, biotechnology and other companies, universities and research institutions have filed patent applications or have been issued patents relating to cell therapy, stem cells, T cells, and other technologies potentially relevant to or required by our expected products. We cannot predict which, if any, of such applications will issue as patents or the claims that might be allowed. We are aware that a number of companies have filed applications relating to stem cells. We are also aware of a number of patent applications and patents claiming use of stem cells and other modified cells to treat disease, disorder or injury.

If third party patents or patent applications contain claims infringed by either our licensed technology or other technology required to make and use our potential products and such claims are ultimately determined to be valid, there can be no assurance that we would be able to obtain licenses to these patents at a reasonable cost, if at all, or be able to develop or obtain alternative technology. If we are unable to obtain such licenses at a reasonable cost, we may not be able to develop some products commercially. There can be no assurance that we will not be obliged to defend ourselves in court against allegations of infringement of third party patents. Patent litigation is very expensive and could consume substantial resources and create significant uncertainties. An adverse outcome in such a suit could subject us to significant liabilities to third parties, require disputed rights to be licensed from third parties, or require us to cease using such technology.

OUR COMPETITION INCLUDES FULLY INTEGRATED PHARMACEUTICAL COMPANIES THAT HAVE SIGNIFICANT ADVANTAGES OVER US.

The markets for both therapeutic stem cell products and multiple sclerosis products are highly competitive. We expect that our most significant competitors will be fully integrated pharmaceutical companies and more established biotechnology companies. These companies are developing stem cell-based products, and they have significantly greater capital resources and expertise in research and development, manufacturing, testing, obtaining regulatory approvals and marketing than we currently do. Many of these potential competitors are further along in the process of developing products and also operate large, well-funded research and development programs. As a result, our competitors may develop more competitive or affordable products, or achieve earlier patent protection or product commercialization than we do. Competitive products may render any products or product candidates that we develop obsolete.

IF WE FAIL TO MEET OUR OBLIGATIONS UNDER OUR LICENSE AGREEMENTS, WE MAY LOSE OUR RIGHTS TO KEY TECHNOLOGIES ON WHICH OUR BUSINESS DEPENDS.

Our business currently depends on two licenses from third parties. Those third party license agreements impose obligations on us, such as payment obligations and obligations to diligently pursue development of commercial products under the licensed patents. If a licensor believes that we have failed to meet our obligations under a license agreement, the licensor could seek to limit or terminate our license rights, which could lead to costly and time-consuming litigation and, potentially, a loss of the licensed rights. During the period of any such litigation, our ability to carry out the development and commercialization of potential products could be significantly and negatively affected. If our license rights were restricted or ultimately lost, our ability to continue our business based on the affected technology platform would be severely adversely affected.

IF WE ARE UNABLE TO OBTAIN FUTURE PATENTS AND OTHER PROPRIETARY RIGHTS OUR OPERATIONS WILL BE SIGNIFICANTLY HARMED.

Our ability to compete effectively is dependent in part upon obtaining patent protection relating to our technologies. The patent positions of pharmaceutical and biotechnology companies, including ours, are uncertain and involve complex and evolving legal and factual questions. The coverage sought in a patent application can be denied or significantly reduced before or after the patent is issued. Consequently, we do not know whether the patent applications for our technology will result in the issuance of patents, or if any future patents will provide significant protection or commercial advantage or will be circumvented by others. Since patent applications are secret until the applications are published (usually eighteen months after the earliest effective filing date), and since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, we cannot be certain that the inventors of our licensed patents were the first to make the inventions covered by the patent applications or that the licensed patent applications were the first to be filed for such inventions. There can be no assurance that patents will issue from the patent applications or, if issued, that such patents will be of commercial benefit to us, afford us adequate protection from competing products, or not be challenged or declared invalid.

RESTRICTIVE AND EXTENSIVE GOVERNMENT REGULATION COULD SLOW OR HINDER OUR PRODUCTION OF A CELLULAR PRODUCT.

The research and development of stem cell therapies is subject to and restricted by extensive regulation by governmental authorities in the United States and other countries. The process of obtaining U.S. Food and Drug Administration, or FDA, and other necessary regulatory approvals is lengthy, expensive and uncertain. We may fail to obtain the necessary approvals to continue our research and development, which would hinder our ability to manufacture or market any future product.

TO BE SUCCESSFUL, OUR PRODUCT CANDIDATES MUST BE ACCEPTED BY THE HEALTH CARE COMMUNITY, WHICH CAN BE VERY SLOW TO ADOPT OR UNRECEPTIVE TO NEW TECHNOLOGIES AND PRODUCTS.

Our product candidates, if approved for marketing, may not achieve market acceptance since hospitals, physicians, patients or the medical community in general may decide to not accept and utilize these products. The product candidates that we are attempting to develop represent substantial departures from established treatment methods and will compete with a number of more conventional drugs and therapies manufactured and marketed by major pharmaceutical companies. The degree of market acceptance of any of our developed products will depend on a number of factors, including:

o our establishment and demonstration to the medical community of the clinical efficacy and safety of our product candidates;

o our ability to create products that are superior to alternatives currently on the market;

o our ability to establish in the medical community the potential advantage of our treatments over alternative treatment methods; and

o reimbursement policies of government and third-party payors.

If the health care community does not accept our products for any of the foregoing reasons, or for any other reason, our business would be materially harmed.

WE MAY BE UNABLE TO OPEN A BLOOD CELL BANK FACILITY, EVEN IF WE HAVE SUFFICIENT CAPITAL.

We currently do not own or operate a blood cell bank facility. To our knowledge, no other companies are freezing and storing pluripotent stem cells in the manner in which we plan to implement. We may not be able to locate a facility and/or personnel for the blood cell bank. Further, we may be unable to convince HMO's, insurance companies and private individuals of the potential benefit in cryofreezing an individual's blood for use in the future. The failure to open and operate the blood cell bank facility may adversely affect our business strategy.

OUR MANAGEMENT TEAM HAS A LIMITED HISTORY OF WORKING TOGETHER.

We have a limited history of operations under our current officers and directors. Although experienced, our officers have not worked together for an extensive length of time. If for any reason our management members cannot work efficiently as a team, our business will be adversely affected. Further, any loss of one or more of our managers may also have an adverse affect on our business.

RISKS RELATED TO OUR STOCK

THERE IS CURRENTLY A LIMITED MARKET FOR OUR COMMON STOCK, AND ANY TRADING MARKET THAT DEVELOPS IN THE COMMON STOCK MAY BE HIGHLY ILLIQUID AND MAY NOT REFLECT THE UNDERLYING VALUE OF THE COMPANY'S NET ASSETS OR BUSINESS PROSPECTS.

Although our common stock is currently traded on the OTC Bulletin Board, there is currently a limited market for our common stock and there can be no assurance that an improved market will ever develop. Accordingly, purchasers of the shares offered hereby will be required to bear the economic consequences of holding such securities for an indefinite period of time. An active trading market for our common stock may not ever develop. Any trading market that does develop may be volatile, and significant competition to sell our common stock in any such trading market may exist, which could negatively affect the price of our common stock. As a result, the value of our common stock may decrease. Additionally, if a trading market does develop, such market may be highly illiquid, and our common stock may trade at a price that does not accurately reflect the underlying value of the Company's net assets or business prospects. Investors are cautioned not to rely on the possibility that an active trading market may develop or on the prices at which our stock may trade in any market that does develop in making an investment decision.

IF OUR SHARE PRICE IS VOLATILE, WE MAY BE THE TARGET OF SECURITIES LITIGATION, WHICH IS COSTLY AND TIME-CONSUMING TO DEFEND.

In the past, following periods of market volatility in the price of a company's securities, security holders have often instituted class action litigation. If the market value of our common stock experiences adverse fluctuations and we become involved in this type of litigation, regardless of the outcome, we could incur substantial legal costs and our management's attention could be diverted from the operation of our business, causing our business to suffer.

OUR "BLANK CHECK" PREFERRED STOCK COULD BE ISSUED TO PREVENT A BUSINESS

COMBINATION NOT DESIRED BY MANAGEMENT OR OUR CURRENT MAJORITY SHAREHOLDERS.

Our articles of incorporation authorize the issuance of "blank check" preferred stock with such designations, rights and preferences as may be determined by our board of directors without shareholder approval. Our preferred stock could be utilized as a method of discouraging, delaying, or preventing a change in our control and as a method of preventing shareholders from receiving a premium for their shares in connection with a change of control.

FUTURE SALES OF OUR COMMON STOCK IN THE PUBLIC MARKET COULD LOWER OUR STOCK PRICE.

We may sell additional shares of common stock in subsequent public or private offerings. We may also issue additional shares of common stock to finance future acquisitions. We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock.

WE PRESENTLY DO NOT INTEND TO PAY CASH DIVIDENDS ON OUR COMMON STOCK.

We currently anticipate that no cash dividends will be paid on the common stock in the foreseeable future. While our dividend policy will be based on the operating results and capital needs of the business, it is anticipated that all earnings, if any, will be retained to finance the future expansion of the our business. Therefore, prospective investors who anticipate the need for immediate income by way of cash dividends from their investment should not purchase the shares offered in this offering.

FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933. These statements relate to future events and/or future financial performance and involve known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of the Company or the industry in which it operates to be materially different from any future results, levels of activity, performance or achievements expressed or implied by the forward-looking statements. These risks and other factors include those listed under "Risk Factors" and those described elsewhere in this Memorandum.

In some cases, you can identify forward-looking statements by the Company's use of terms such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, you should specifically consider various factors, including the risks outlined under "Risk Factors." These factors may cause the Company's actual results to differ materially from any forward-looking statement.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The Company does not intend to update any of the forward-looking statements after the date of this Memorandum to conform prior statements to actual results.

USE OF PROCEEDS

The selling stockholders will receive all of the proceeds from any sales of shares of our common stock. We will not receive any of the proceeds from any such sale by any selling stockholder. See "Selling Stockholders."

PRICE RANGE OF OUR COMMON STOCK AND DIVIDEND POLICY

Shares of our common stock are traded on the National Association of Securities Dealers Inc. Over the Counter Bulletin Board under the symbol "PFTR.OB." Our Common Stock trades on a limited, sporadic and volatile basis. As of August 5, 2005, the last reported sales price of our common stock on the OTC Bulletin Board was $2.04. As of July 15, 2005, there were 20,579,545 shares of our common stock outstanding that were held of record by 432 persons.

The following table sets forth, for the periods indicated, the range of high and low bid information for our common stock. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

	PRICE RANGES	
	HIGH	LOW
FISCAL YEAR ENDED DECEMBER 31, 2003		
First Quarter	1.50	0.25
Second Quarter	1.50	0.25
Third Quarter	1.50	0.25
Fourth Quarter	1.50	0.30
FISCAL YEAR ENDED DECEMBER 31, 2004		
First Quarter	0.03	0.01
Second Quarter	14.25	0.01
Third Quarter	8.15	6.50
Fourth Quarter	9.50	5.90
FISCAL YEAR ENDED DECEMBER 31, 2005		
First Quarter	8.70	4.50
Second Quarter	5.50	2.46
Third Quarter (through August 5, 2005)	2.65	0.80

Holders of shares of common stock will be entitled to receive cash dividends when, as and if declared by our Board of Directors, out of funds legally available for payment thereof. However, if dividends are not declared by our Board of Directors, no dividends shall be paid. We have not paid any dividends on our common stock since our inception.

We do not anticipate that any cash dividends will be paid in the foreseeable future. While our dividend policy will be based on the operating results and capital needs of the business, we anticipate that all earnings, if any, will be retained to finance our future expansion. Therefore, prospective investors who anticipate the need for immediate income by way of cash dividends from their investment should not purchase the shares offered by this prospectus.

SELECTED HISTORICAL FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus. The selected consolidated financial data in this section is not intended to replace the consolidated financial statements and accompanying footnotes. We were originally incorporated in 1986 and until May 2004 operated under the name "Sportan Industries, Inc." In May 2004 we acquired PharmaFrontiers Corp. and changed our name to PharmaFrontiers Corp. For the purposes of this selected consolidated financial data, our acquisition of PharmaFrontiers Corp. in May 2004 has been accounted for as a reverse acquisition, which is equivalent to the issuance of stock by the original PharmaFrontiers Corp. for our assets. Accordingly, the selected historical financial data is that of the original PharmaFrontiers Corp. we acquired in May 2004. The selected consolidated statements of operations data for the period from January 22, 2003 (date of inception) to December 31, 2003 and for the year ended December 31, 2004 and the selected consolidated balance sheet data as of December 31, 2003 and 2004 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statements of operations for the three months ended March 31, 2004 and 2005 and the selected consolidated balance sheet data as of March 31, 2005 have been derived from the unaudited consolidated financial information included in this prospectus. The unaudited financial information includes all adjustments, consisting of normal recurring accruals, which we consider necessary for a fair presentation of the results of operations for the three month period ended March 31, 2004 and 2005. Historical results are not necessarily indicative of the results to be expected in the future.

	Period From January 22, 2003 (Date of Inception) to December 31, 2003	December 31, 2004	Three Months Ended March 31, 2004	Three Months Ended March 31, 2005
Consolidated Statements of Operations Data:				
Revenues	$ --	$ --	$ --	$ --
Operating Expenses:				
General and administrative	80,801	3,127,488	512,411	1,625,030
Research and development		632,621	--	644,264
Total operating expenses	80,801	3,760,109		
Net operating loss	(80,801)	(3,760,109)	(512,411)	(2,269,294)
Interest Income		5,992		6,930
Other Income		2,379		2,444
Interest expense	(45,202)	(868,926)	(30,616)	(1,487,384)
Net loss	$ (126,003)	$ (4,620,664)	$ (543,027)	$ (3,747,304)
Net loss per common share, basic and diluted	$ N/A	$ (0.73)	$ (0.12)	$ (0.37)
Weighted average number of common shares outstanding, basic and diluted	N/A	6,309,145	4,376,771	10,224,456

	As of December 31, 2003	As of December 31, 2004	As of March 31, 2005
CONSOLIDATED BALANCE SHEET DATA:			
Cash and cash equivalents and prepaid expenses	68	946,329	1,840,408
Intangible assets	--	26,791,073	26,394,204
Total assets	68	28,079,386	28,583,504
Current liabilities	69,036	4,883,165	5,394,284
Common stock	--	502,992	-
Total stockholders' equity	(68,968)	23,196,221	23,189,220

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read together with the consolidated financial statements and related notes that are included elsewhere in this prospectus. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors", "Disclosure Regarding Forward-Looking Statements" or in other parts of this prospectus. We undertake no obligation to update any information in our forward-looking statements except as required by law.

OVERVIEW

We are a development-stage company and have a limited operating history. Our predecessor company for financial reporting purposes was formed on January 22, 2003 to acquire rights to our adult stem cell technology. In November 2004 we acquired Opexa Pharmaceuticals, Inc. and its Multiple Sclerosis treatment technology. We are still developing all of our technology, and to date, we have not generated any revenues from our operations. As we continue to execute our operations plan, we expect our development and operating expenses to increase.

RESEARCH AND DEVELOPMENT. We have made and expect to continue to make substantial investments in research and development in order to develop and market our technology. Research and development costs consist primarily of general and administrative and operating expenses related to research and development activities. We expense research and development costs as incurred. Property, plant and equipment for research and development that have an alternative future use are capitalized and the related depreciation is expensed as research and development costs. We expect our research and development expense to increase as we continue to invest in the development of our technology.

GENERAL AND ADMINISTRATIVE. General and administrative expenses consist primarily of salaries and benefits, office expense, professional services fees, and other corporate overhead costs. We anticipate increases in general and administrative expenses as we continue to develop and prepare for commercialization of our technology

RESULTS OF OPERATIONS

COMPARISON OF THREE MONTHS ENDED MARCH 31, 2005 WITH THREE MONTHS ENDED MARCH 31, 2004

NET SALES. We recorded no sales for the three months ended March 31, 2005 which resulted in no change from the same period in 2004.

GENERAL AND ADMINISTRATIVE EXPENSES. Our general and administrative expenses increased to $1,625,030 during the three months ended March 31, 2005, as compared to $512,411 from the same period in 2004. The increase in general and administrative expenses is due primarily to the start-up of operations which included the hiring of new personnel including employees and directors and scientific advisory board members. These individuals have agreements with the Company which provide for salary payments. The increase in operations is also attributable to the acquisition of Opexa Pharmaceuticals and the assumption of its operations. Also included are professional fees incurred from legal, accounting, and consulting services. Anticipated future expenses include expenses associated with the expansion of facilities.

RESEARCH AND DEVELOPMENT EXPENSES. Research and development expense increased to $644,264 for the three months ended March 31, 2005, compared to $ 0 from the same period in 2004. The increase is primarily related to the acquisition of Opexa Pharmaceuticals and the assumption of its operations and research and development programs, including its ongoing Phase I/II Clinical Trial for Tovaxin as well as the beginning of the pre-clinical studies for our cardiac and diabetes stem cell therapies. Also included are professional fees incurred from consulting services and legal fees to secure and expand our license patent claims. Anticipated future expenses include expenses associated with the expansion of the laboratory/manufacturing facilities.

INTEREST EXPENSE. Interest expense increased to $1,487,384 for the three months ended March 31, 2005, as compared to $30,616 from the same period in 2004. The increase is primarily related to the accrued interest on the 15% Exchangeable Convertible Subordinated Notes. Interest accrued on those Notes at a rate of 15% per annum. The Notes are mandatorily exchangeable for securities at the earlier of an Equity Financing (as defined below) or upon maturity on November 30, 2005. The Notes and accrued interest are convertible at a purchase price equal to the weighted average gross offering price of the Company common stock or common stock equivalents issued in an Equity Financing. If no such Equity Financing occurs, the Notes and accrued interest are convertible at $3.00 per share. An Equity Financing is defined as a Company raise of at least $10,000,000 in one or a series of transactions of common stock or common stock equivalent securities prior to the maturity of the Notes. Interest will be paid in cash or at the option of the Company, in shares of common stock valued at $3.00 per share.

NET LOSS. The Company had a net loss for the three months ended March 31, 2005, of ($3,747,304), or ($0.37) per share (basic and diluted), compared with a net loss of ($543,027), or ($0.12) per share (basic and diluted), from the same period in 2004. The primary reason for the increase in net loss is due to the start-up of operations which included the hiring of new personnel including employees and directors and scientific advisory board members. These individuals have agreements with us which provide for salary payments. The increase in net loss is also attributable to the acquisition of Opexa Pharmaceuticals and the assumption of its operations and research and development programs. Also included are professional fees incurred from legal, accounting, and consulting services to secure and expand our license patent claims. Anticipated future expenses include research and development, professional and consulting fees, and expenses associated with the expansion of the office and laboratory/manufacturing facilities.

COMPARISON OF YEAR ENDED DECEMBER 31, 2004 WITH THE PERIOD FROM JANUARY 22, 2003 (DATE OF INCEPTION) TO DECEMBER 31, 2003

NET SALES. We recorded no sales for the twelve months ended December 31, 2004 or the period ended December 31, 2003.

GENERAL AND ADMINISTRATIVE EXPENSES. Our general and administrative expenses increased during the twelve months ended December 31, 2004, to $3,127,488 as compared to $80,801 from January 22, 2003 (inception) to December 31, 2003. The increase in general and administrative expenses is due primarily to the start-up of operations which included the hiring of new personnel including employees and directors and scientific advisory board members. These individuals have agreements with the Company which provide for salary payments. The increase in operations is also attributable to the acquisition of Opexa Pharmaceuticals and the assumption of its operations and research and development programs. Also included are professional fees incurred from legal, accounting, and consulting services to secure and expand our license patent claims as well as license milestone fees to the University of Chicago. Such anticipated future expenses may include research and development, professional and consulting fees, and expenses associated with manufacturing facilities.

RESEARCH AND DEVELOPMENT EXPENSE. Research and development expense increased to 632,621 for the twelve months ended December 31, 2004, compared to $ 0 from inception to December 31, 2003. The increase is primarily related to the acquisition of Opexa Pharmaceuticals and its ongoing Phase I/II Clinical Trial for Tovaxin as well as the beginning of the pre-clinical studies for our cardiac and diabetes stem cell therapies.

INTEREST EXPENSE. Interest accrued on the Notes at a rate of 15% per annum.

NET LOSS. We had a net loss for the year ended December 31, 2004, of $4,620,664 or ($.73) per share (basic and diluted), compared with a net loss of $126,003, from inception to December 31, 2003. The primary reason for the increase in net loss is due to the start-up of operations which included the hiring of new personnel including employees and directors and scientific advisory board members. These individuals have agreements with us which provide for salary payments. The increase in net loss is also attributable to the acquisition of Opexa Pharmaceuticals, Inc. and the assumption of its operations and research and development programs. Also included are professional fees incurred from legal, accounting, and consulting services to secure and expand our license patent claims as well as license milestone fees to the University of Chicago. Such anticipated future expenses may include research and development, professional and consulting fees, and expenses associated with manufacturing facilities.

LIQUIDITY AND CAPITAL RESOURCES

Since our inception, we have financed our operations from the sale of our debt and equity securities (including the issuance of its securities in exchange for goods and services).

During the six months ended February 15, 2005, we privately placed an aggregate principal amount of $6.1 million of 15% Exchangeable Convertible Subordinated Notes; with these notes we also issued rights to receive warrants and 612,688 shares of common stock. The notes and the rights to receive warrants were exchanged on June 30, 2005 for (i) an aggregate of 5,695,015 shares of our common stock, (ii) Series A Warrants to purchase an aggregate of 5,577,523 shares of our common stock, (iii) Series B Warrants to purchase an aggregate of 7,231,009 shares of our common stock, and (iv) Series C Warrants to purchase an aggregate of 4,462,018 shares of our common stock. The terms of the Series A Warrants, Series B Warrants and Series C Warrants are described in this prospectus under "Description of Securities."

During the month ended July 15, 2005, we raised gross proceeds of 5,841,764 through a private placement of (i) an aggregate of 3,894,509 shares of our common stock, (ii) Series A Warrants to purchase an aggregate of 4,868,136 shares of our common stock, (iii) Series B Warrants to purchase an aggregate of 1,947,255 shares of our common stock, and (iv) Series C Warrants to purchase an aggregate of 3,894,509 shares of our common stock.

As of July 15, 2005, we had cash of $5,696,938. We believe we have sufficient cash to fund current operations through 2005. Our burn rate in the first quarter of 2005 was $500,000 per month. As our operations ramp up, our burn rate is expected to increase to $650,000 per month in the second through the fourth quarters of 2005. We believe that we will need a minimum of $7,700,000 to fund our operations for fiscal 2005. This money will be used for research and development and for general and administrative expenses. Failure to raise necessary working capital will cause us to curtail operations.

CONTRACTUAL COMMITMENTS

We have exercised our option with the landlord of our facilities to renew the lease on our executive offices and research facilities for a term of five years with an option for an additional five years at the then prevailing market rate. We are waiting on final construction pricing in order to finalize the rental rate on the lease renewal.

In our acquisition of Opexa Pharmaceuticals, Inc. in November 2004, we assumed a lease on a 32,041 square foot office/warehouse facility used as Opexa's headquarters located in Houston, Texas. We determined that this facility was unsuitable for future expansion and we negotiated a lease termination agreement which terminated the remaining eight year obligation and reduced the annual facility expenses by $215,000. The lease termination required a final monthly lease payment for February 2005, surrender of the security deposit in the amount of $15,380, and a lease termination fee of $56,763. The agreement also contains mutual release provisions releasing both parties from any claims each may hold against the other under the lease dated on or about May 31, 2002.

OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2004, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

For more information on these transactions, please read "Certain Relationships and Related Party Transactions." in this prospectus.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our most significant judgments and estimates used in preparation of our consolidated financial statements.

REVERSE ACQUISITION. We treat the merger of PharmaFrontiers Corp. into Sportan as a reverse acquisition. Pursuant to the guidance in Appendix B of SEC Accounting Disclosure Rules and Practices Official Text, the "merger of a private operating company into a non-operating public shell corporation with nominal net assets typically results in the owners and management of the private company having actual or effective operating control of the combined company after the transaction, with the shareholders of the former public shell continuing only as passive investors. These transactions are considered by the staff to be capital transactions in substance, rather than business combinations. That is, the transaction is equivalent to the issuance of stock by the private company for the net monetary assets of the shell corporation, accompanied by a recapitalization." Accordingly, the reverse acquisition has been accounted for as a recapitalization. For accounting purposes, the original PharmaFrontiers Corp. is considered the acquirer in the reverse acquisition. The historical financial statements are those of the original PharmaFrontiers Corp. Earnings per share for periods prior to the merger are restated to reflect the number of equivalent shares received by the acquiring company.

IMPAIRMENT OF LONG-LIVED ASSETS. We review long-lived assets and certain identifiable assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, further impairment analysis is performed. An impairment loss is measured as the amount by which the carrying amount exceeds the fair value of assets.

STOCK-BASED COMPENSATION. We have adopted FAS No. 123, "Accounting for Stock-Based Compensation" for non-cash stock-based compensation issued to employees, directors and non-employees for goods or services. FAS No. 123 allows companies to continue to measure compensation costs for employees and directors using the intrinsic value method as prescribed by APB Opinion 25; however, the fair value method must be used to measure compensation costs issued to non-employees. FAS No. 123 states that the fair value method of accounting for stock-based compensation is preferable to the intrinsic value method; therefore, we use the fair value method to measure all stock-based compensation, including stock-based compensation to our employees and directors. Under this method, compensation cost is measured at the fair value of the award on the applicable measurement date. See Note 1 of the Notes to Consolidated Financial Statements for the pro forma net income and net income per share amounts, for Fiscal 2003 through Fiscal 2004, as if the Company had used a fair-value-based method similar to the methods required under SFAS 123R to measure compensation expense for employee stock incentive awards. The Company is evaluating the terms and structure of its current share based payments and does not expect the adoption to have a significant, adverse impact on the consolidated statements of income and net income per share as it relates to current granted options and warrants as of the date of the adoption.

CONSOLIDATION OF VARIABLE INTEREST ENTITIES. In January 2003, the FASB issued Interpretation No. 46(R) ("FIN 46"), Consolidation of Variable Interest Entities. FIN 46 addresses consolidation by business enterprises of variable interest entities (formerly special purpose entities). In general, a variable interest entity is a corporation, partnership, trust or any other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. The objective of FIN 46 is not to restrict the use of variable interest entities, but to improve financial reporting by companies involved with variable interest entities. FIN 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. The consolidation requirements are effective for the first period that ends after March 15, 2004; the Company elected to adopt the requirements effective for the reporting period ending December 31, 2004. The adoption of FIN 46 had no effect on the consolidated financial statements.

RESEARCH AND DEVELOPMENT. The costs of materials and equipment or facilities that are acquired or constructed for research and development activities and that have alternative future uses are capitalized as tangible assets when acquired or constructed. The cost of such materials consumed in research and development activities and the depreciation of such equipment or facilities used in those activities are research and development costs. However, the costs of materials, equipment, or facilities acquired or constructed for research and development activities that have no alternative future uses are considered research and development costs and are expensed at the time the costs are incurred.

OUR BUSINESS

OVERVIEW

We are a biopharmaceutical company engaged in developing autologous personalized cell therapies. Our strategy is to develop and commercialize cell therapies to treat several major diseases including multiple sclerosis, cardiovascular diseases, and diabetes. We have an exclusive license to an individualized T cell therapy that is in two FDA Phase I/II clinical trials; a dose ranging trial and an extension study trial to evaluate its safety and effectiveness in treating multiple sclerosis. We also have an exclusive license to a stem cell technology in which adult pluripotent stem cells are derived from monocytes obtained from the patient's own blood. We are initially pursuing indications in heart failure and Type I diabetes with our stem cell therapy.

Autologous therapies use cells or other materials from the patient's own body to create treatments for the patient, thus preventing rejection complications that result when "foreign" or "non-self" cells are introduced into a patient. Cellular therapies are expected to play a large role in the treatment and cure of a broad spectrum of human diseases. According to independent market researchers, cellular therapies along with their related technologies, such as diagnostics and blood banking, may exceed $30 billion by 2010.

Our multiple sclerosis cell therapy, Tovaxin(TM), is currently in Phase I/II studies. Tovaxin(TM) consists of modified autoreactive T cells. Multiple sclerosis is a result of a person's own T cells attacking the myelin sheath that coats the nerve cells of the central nervous system. These T cells, that attack a person's own body, are referred to as "autoreactive" T cells. In our treatment the T cells are taken from the patient, modified and returned to the patient. The modified T cells cause an immune response directed at the autoreactive T cells in the patient's body. This immune response reduces the level of autoreactive T cells and potentially allows the myelin sheath to be repaired. In addition, we are evaluating whether this technology will allow us to diagnose multiple sclerosis and determine the severity of the disease through an analysis of the level of autoreactive T cells in a patient's blood.

Two clinical studies of Tovaxin(TM) have reached critical milestones:

o In one study, a first group of 10 patients has been enrolled and received two doses of Tovaxin(TM) in a repeat treatment Phase I/II protocol. This protocol is designed to determine whether patients who received clinical benefit from T cell therapy in a previous study conducted at the Baylor College of Medicine can be safely and effectively re-treated with a second-generation T cell therapy. Six-month clinical results evaluating safety, tolerability and efficacy are expected to be available by the third quarter of 2005.

o In the second study, a Phase I/II dose-escalating study designed to evaluate safety, tolerability and efficacy in 9 to 15 patients, 8 patients have completed the initial four dose injection series for two dosage levels and the 28-week portion of the study. One-year clinical results evaluating safety, tolerability, dosage timing and efficacy are expected to be available by the third quarter of 2005.

We intend to submit data from these two clinical studies to the FDA for approval to commence a pivotal Phase IIb study in the fourth quarter of 2005.

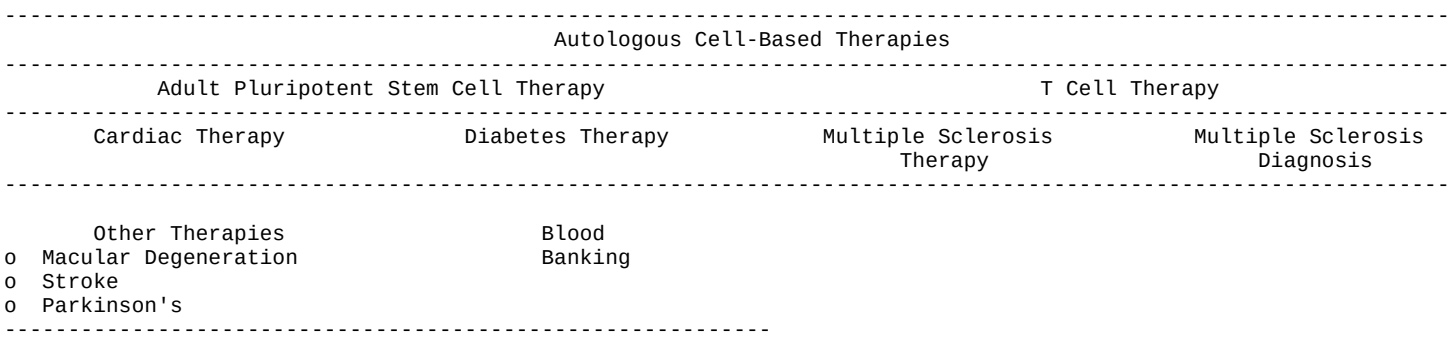
Our stem cell technology allows us to create adult pluripotent stem cells from monocytes isolated from blood drawn from the patient. We believe that these stem cells, if successfully developed, may provide the basis for therapies to treat a variety of diseases and conditions. We anticipate that our stem cell technology will have a significant competitive advantage over many of the other stem cell technologies. The peripheral blood monocytes, used by our technology to produce stem cells, have the advantage of being relatively abundant and easy and cost effective to obtain. Our technology does not have the collection and storage difficulties presented by umbilical cord blood or the controversial ethical and regulatory issues associated with embryonic stem cells. In addition, our technology is less difficult and less risky than collecting adult stem cells from tissues such as bone marrow, spinal fluid or adipose (fat) tissue. Furthermore, our stem cells are pluripotent, whereas other adult stem cells are not likely to be pluripotent.

Our stem cell technology will also avoid rejection issues because it is autologous ("self"). This is as opposed to the embryonic, umbilical, and some adult stem cell technologies, which must be taken from one individual and given to another. Further, we believe our stem cell therapies will be regulated as autologous "manipulated" non-homologous use cell therapies. Thus, we use an individuals' own stem cells, and we therefore do not expect to encounter the same significant pre-clinical and clinical development regulatory hurdles that embryonic, umbilical, and some adult stem cells therapies are expected to face.

Initially we are conducting pre-clinical research to develop stem cell therapies to treat heart failure and Type I diabetes. We plan to move expeditiously through pre-clinical development of our cardiac stem cell therapy and, if successful, initiate human testing in 2006.

We believe that with our stem cell technology plus our additional technology related to the differentiation of stem cells into islet cells, we will be able to create insulin producing islet cells derived from the patient's own blood. We are currently conducting laboratory research and plan to move expeditiously through pre-clinical development of our diabetes stem cell therapy and, if successful, initiate human testing in 2006.

A structural outline of the Company's technical program is provided below.



ORGANIZATIONAL HISTORY

The Company was incorporated in Texas in 1986 and originally engaged in businesses other than the biopharmaceutical business. These other business operations were terminated in February 2002. In May 2004, we entered the biopharmaceutical business by acquiring PharmaFrontiers Corp. which held rights to treatments using adult pluripotent stem cells derived from adult human peripheral blood. On November 5, 2004, we acquired Opexa Pharmaceuticals, Inc., which holds rights to technology to diagnose and treat multiple sclerosis through modified autoreactive T cells.

OUR T CELL BASED THERAPY

MULTIPLE SCLEROSIS THERAPY.

Our T cell based therapy for the treatment of multiple sclerosis is called "Tovaxin(TM)." Multiple sclerosis is caused by myelin peptide reactive T cells destroying the myelin sheath coating of the axons in the central nervous system. Depletion of the myelin peptide reactive T cells would theoretically stop disease progression and in some cases may allow the myelin sheath repair mechanism to be effective and potentially lead to remission and possibly reverse the effects of multiple sclerosis. Repair mechanisms are more likely to occur early in the disease process and are likely to be more robust in the younger patient. A completed 114-patient clinical study conducted by Dr. Jingwu Zhang at Baylor College of Medicine has demonstrated that the depletion of myelin basic protein (MBP) reactive T cells was beneficial to patients with multiple sclerosis. These investigations resulted in the development of Tovaxin(TM), which includes the modified MBP reactive T cells, proteolipid protein (PLP) and myelin oligodendrocyte glycoprotein (MOG) reactive T cells as well.

Tovaxin(TM) has some advantages over existing treatments for multiple sclerosis. Tovaxin(TM) is individualized, easier to tolerate, and has the potential to place the disease into remission, and possibly to reverse the effects of multiple sclerosis.

MULTIPLE SCLEROSIS DIAGNOSTIC

In addition, to using our T cell technology to develop a therapy for multiple sclerosis, we are also using it to develop a diagnostic test for multiple sclerosis. Multiple sclerosis is difficult to diagnose and there is no existing reliable confirmatory diagnostic test. Based on preliminary evidence we believe that the presence of myelin peptide reactive T cells in the blood may have a high correlation as to whether an individual may develop or has multiple sclerosis. We have initiated a proof of concept clinical study that, if successful, will be expanded into a major clinical study in 2005. If the larger study produces favorable results, we plan to further develop a diagnostic test for sale in the near future.

APPLICATIONS OF OUR T CELL TECHNOLOGY TO OTHER DISEASES

Recent advances in the understanding of basic mechanisms of autoimmune disease have led to the development of reagents that can potentially interfere with the disease process and limit disease progression. Some of these therapeutics have been proven effective in the treatment of autoimmune conditions. Although our initial focus is T cell therapy for the treatment and management of multiple sclerosis, several autoimmune diseases including inflammatory bowel disease, diabetes, systemic lupus and rheumatoid arthritis may be candidates for potential treatment with our technology in the future.

OUR T CELL THERAPY PROCESS

Our cell therapy is similar to that of traditional microbial vaccination where modified infectious agents are used to stimulate protective immune responses. In preparing a T cell therapy, the T cells causing the disease are taken from the blood, specifically identified and expanded ex vivo by incubating T cells with MBP, PLP and MOG selected peptides in the presence of antigen presenting cells and growth factors. Selected T cells are grown to therapeutic levels and cryopreserved. Prior to use, the T cells are expanded, formulated and modified to render them replication incompetent but viable. These modified T cells are administered subcutaneously as a primary series of injections. Retreatment of patients follows the primary series approximately six months to one year later.

OUR PLURIPOTENT ADULT STEM CELL THERAPIES

OUR CARDIAC STEM CELL THERAPY PROGRAM

Stem cell treatment of congestive heart failure would revolutionize treatment of the disease because it would treat the source of the problem by replacing diseased cardiac muscle tissue with stem cells that grow into new healthy cardiac tissue. Other companies have conducted human clinical trials involving the use of stem cells derived from bone marrow to regenerate cardiac tissue and improve cardiac function. These clinical trials by other companies have treated over 70 patients with their own bone marrow stem cells and have shown increased cardiac perfusion. We plan to move expeditiously through pre-clinical development of our cardiac stem cell therapy and, if successful, initiate human testing in 2006.

OUR DIABETES STEM CELL THERAPY PROGRAM

Type 1 diabetes is a chronic disease, caused by the loss of functioning islet cells that produce insulin, for which there is no cure. Frequent testing of glucose levels coupled with insulin injections are used to control the disease but do not address the underlying cause. The medical community has tried to treat the cause and cure the disease by implanting functioning islet cells, harvested from cadavers, into the pancreas. However, the supply of these cells from cadavers is limited and the patient must be placed on a regime of anti-rejection drugs. We believe that with our stem cell technology plus our additional technology related to the differentiation of stem cells into islet cells, we will be able to create insulin producing islet cells derived from the patient's own blood. We are currently conducting laboratory tests and plan to move expeditiously through pre-clinical development of our diabetes stem cell therapy and, if successful, initiate human testing in 2006.

BLOOD BANKING BUSINESS

We are assessing the feasibility of operating a blood banking business designed to provide individuals with a process for storing blood to be used later if they need treatment by our stem cell technology. As individuals age, it is possible that the number of available monocytes per blood draw will decrease, thus creating a demand for the cryopreservation of stem cells from healthy and relatively young adults. As the volume of stem cell treatments increase, there may be a demand from patients for the storage of their adult stem cells isolated from single blood draws. We are reviewing the potential establishment of a stem cell cyropreservation service.

OTHER APPLICATIONS FOR OUR STEM CELL TECHNOLOGY

We plan to conduct basic research to determine the potential use of adult stem cells created with our technology in other indications such as macular degeneration, stroke, and Parkinson's disease. Liver cells (hepatocytes) derived from our stem cells may be valuable across the biopharmaceutical industry to test for drug toxicity or to help cure liver diseases. We intend to partner or sublicense some of these indications if they are not pursued for internal development. For those indications, which we believe we can participate commercially, we expect to take partners in key commercial markets outside of the United States. Alternatively, we may form a broad alliance with a pharmaceutical or biotechnology company for the entire technology platform and therapeutic areas.

OUR STEM CELL THERAPY PROCESS

Our stem cell therapy process commences with blood being drawn from the patient in a typical blood drawing process. The blood is then processed to obtain monocytes (white blood cells). These monocytes can be dedifferentiated in the presence of certain growth factors to form stem cells. The resulting stem cells with macrophage-like characteristics can be expanded and differentiated into other cell types when cultured in the presence of the appropriate growth factors. Researchers have been able to turn these dedifferentiated monocytes into several different types of cells including islet cells, nerve cells, liver cells, blood vessel cells and skin cells.

We estimate that from a 500 ml blood collection, the maximum allowable blood draw in one sitting, we will be able to produce approximately 10 to 100 million monocyte derived stem cells. This number of stem cells is considerably greater than current stem cell dosing requirements under study in human clinical studies by other companies and institutions. Consequently, we expect that we may be able to produce multiple therapeutic doses from a single blood draw using cryopreservation.

We anticipate that the patient's blood will be drawn at the patient's hospital or doctor's office and shipped to us with a proprietary collection kit. At our GMP (current good manufacturing process) manufacturing facility, the monocytes will be processed to create stem cells and their progeny with the proper concentration and characteristics. Cells will then be cryopreserved until needed for treatment, transported to the patient's physician, and injected into the diseased organ with the approved delivery system.

SOURCES OF STEM CELLS AND OUR COMPETITIVE ADVANTAGES

Cells are the basic unit of the tissues that comprise the human body. Each type of tissue has a functional use to the human body. Stem cells are non-specialized cells that have not yet differentiated into specific cells with a particular function in the human body. These non-specialized cells are able to continue to divide and regenerate for periods of time through cell division. Pluripotent stem cells have the property of being able to differentiate into all the different specialized cells that make up the individual tissues of the body.

We believe that there are currently three sources of stem cells: human embryos, umbilical cord blood and certain adult tissues:

o Every human begins life when a single cell, the zygote, is formed after fertilization. About five days after conception, a tiny ball of cells has formed, this is known as the blastocyst. The inner cells of the blastocyst are known as embryonic stem cells. These stem cells are pluripotent; that is they can develop into a wide variety of cell types in the human body. These embryonic stem cells are the stem cells over which a great deal of ethical and scientific controversy has ensued, leading up to President Bush's September 2001 ban on Federal funding for any new embryonic stem cell lines. PharmaFrontiers does not use embryonic stem cells.

o Another source of stem cells is the umbilical cord blood of a newborn baby, which contains pluripotent stem cells. The umbilical cord is the tissue that ties a baby to the mother within the womb. After the baby is born the blood can be collected from the umbilical cord and cryopreserved. Most candidates for stem cell therapy today did not have their umbilical cord blood frozen, so to use this technology, like the embryonic stem cells above, they must use the stem cells from other individuals and must address rejection issues. We use an individuals' own stem cells, and thus we do not expect to encounter the same significant pre-clinical and clinical development regulatory hurdles that embryonic, umbilical, and certain adult stem cells therapies are expected to face.

o Stem cells obtained from a person after birth are called adult stem cells and are found within various tissues that make up the body. Adult stem cells are usually programmed to form a limited number of different cell types of their own tissue, and are classified as "multipotent" meaning they are only able to create several different types of cells within the same type of tissue. Our stem cells are pluripotent and can be differentiated into a wider variety of different tissue types. In addition, collecting adult stem cells from tissues such as bone marrow, spinal fluid or adipose (fat) tissue, can involve complicated, painful, and expensive surgical procedures, whereas our technology is simple, cost effective, and convenient to the patient.

LICENSES, PATENTS AND PROPRIETARY RIGHTS

We believe that proprietary protection of our technologies will be critical to the development of our business. We intend to protect our proprietary intellectual property through patents and other appropriate means. We rely upon trade-secret protection for some confidential and proprietary information and take active measures to control access to that information. We currently have non-disclosure agreements will all of our employees.

The Company's intellectual property strategy includes developing proprietary technology for the sourcing, scale up, manufacturing, and storage of T cells and pluripotent adult stem cells and the use of these cells in multiple therapeutic applications. This strategy will include expanding on technologies in-licensed to us as well as in-licensing additional technologies through collaborations with universities and biotech companies.

We have licenses to certain patents that relate to our T cell technology and our pluripotent adult stem cell technology.

T CELL THERAPY IP

We have an exclusive, worldwide license from the Baylor College of Medicine to patent applications claiming rights to the treatment of multiple sclerosis using modified T cells and to the use of the T cell technology as a diagnostic. Under the Baylor license we are obligated to pay a percentage of net sales of products subject to the licensed patents.

STEM CELL THERAPY IP

We have an exclusive, worldwide license from the University of Chicago to a patent application claiming rights to the development of adult pluripotent stem cells from monocytes isolated from adult human peripheral blood. The technology was developed at the Argonne National Laboratory, a U.S. Department of Energy Laboratory operated by the University of Chicago.

Pursuant to the license we have issued a total of 534,624 shares of our common stock to the University of Chicago. We have also agreed to pay the University of Chicago $1.5 million upon the earlier of October 30, 2005 or our raising $10 million or more in any financing. We are also obligated to issue to the University of Chicago sufficient additional shares of common stock so that the University holds a total of 2.6% of our outstanding stock after the later of November 30, 2005 or our raising $10 million or more in any financing. We have agreed to pay a percentage of royalties on sales of products subject to the licensed patents, as well as sublicense fees. In addition, the University of Chicago license requires us to expend on research and development at least $2,000,000 within two (2) years of the execution of the license and at least an additional $4,000,000 within four (4) years of the execution of the license. Research and development expenditures by sublicensees may account for half of each amount. Failure to meet the above criteria may result in the license being amended to restrict the grant to only: (a) an exclusive license in two cell therapy areas, and (b) a non-exclusive license in the remaining cell areas. The license also requires us to sell a product or method based on the licensed technology by February 2011.

RESEARCH COLLABORATIONS

We anticipate that from time to time in the future we will enter into collaborative research agreements with other academic and research institutions. We will use such agreements to enhance our research capabilities. Typically, in the industry, such agreements provide the industry partner with rights to license the intellectual property created through the collaboration. We may also enter into collaborative research agreements with other pharmaceutical companies when we believe such collaboration will support the development and commercialization of our technology.

COMMERCIALIZATION THROUGH THIRD PARTY

We anticipate that we will grant sublicenses for certain applications of our technologies. We believe that by sublicensing some of the rights to our technology to pharmaceutical companies and other third parties, we will be able to more efficiently develop some applications of our technologies. We currently do not have any sublicenses.

COMPETITION

The development of therapeutic and diagnostic agents for human disease is intensely competitive. Major pharmaceutical companies currently offer a number of pharmaceutical products to treat heart attack, stroke, Parkinson's disease, diabetes, liver diseases, arthritis and other diseases for which our technologies may be applicable. Many pharmaceutical and biotechnology companies are investigating new drugs and therapeutic approaches for the same purposes, which may achieve new efficacy profiles, extend the therapeutic window for such products, alter the prognosis of these diseases, or prevent their onset. We believe that our products, when and if successfully developed, will compete with these products principally on the basis of improved and extended efficacy and safety and their overall economic benefit to the health care system. We expect competition to increase. We believe that our most significant competitors will be fully integrated pharmaceutical companies and more established biotechnology companies. Smaller companies may also be significant competitors, particularly through collaborative arrangements with large pharmaceutical or biotechnology companies. Some of our primary competitors in the current treatment of and in the development of treatments for multiple sclerosis include Biogen, Elan, Serono, Aventis, Teva, and Schering AG. Some of our primary competitors in the development of stem cell therapies include Aastrom Biosciences, Geron, Gamida-Cell Ltd, Stem Cells Inc., Cellerant Therapeutics, Viacell, and Osiris Therapeutics. Many of these competitors have significant products in development that could be competitive with our potential products.

SALES AND MARKETING

We intend to develop a sales force to market our multiple sclerosis cell therapy and diagnostic products in the U.S. Given the concentration of multiple sclerosis among a relatively small number of specialized neurologists, we believe that a modest size sales force would be sufficient to market the multiple sclerosis products. Our plan is to start building the sales force with the launch of the multiple sclerosis diagnostic products.

We expect to partner with large biotech and pharmaceutical companies for the marketing and sales of our stem cell therapy products.

DESCRIPTION OF PROPERTY

Our principal executive offices are located at 2408 Timberloch Place, Suite B-7, The Woodlands, Texas, and our telephone number is (281) 272-9331. Our facilities are leased pursuant to operating leases for various terms. We believe that our lease is at a competitive or market rate and do not anticipate any difficulty in leasing suitable additional space upon expiration of our current lease term.

The Company conducts its research and development and clinical manufacturing in this 6,700 sq. ft. Woodlands facility. The components of the manufacturing facility are a small gowning area, a common service area, and a GMP production suite for the manufacture of T cell and stem cell therapies with sufficient capacity for Phase I quantity products. The Company intends to build a 1200 sq. ft. pilot facility for approximately $1 million which will provide the necessary manufacturing capacity for Phase II & III clinical trials.

GOVERNMENT REGULATION

Our research and development activities and the future manufacturing and marketing of our potential products are, and will be, subject to regulation for safety and efficacy by a number of governmental authorities in the United States and other countries.

In the United States, pharmaceuticals, biologicals and medical devices are subject to Food and Drug Administration or FDA, regulation. The Federal Food, Drug and Cosmetic Act, as amended, and the Public Health Service Act, as amended, the regulations promulgated thereunder, and other Federal and state statutes and regulations govern, among other things, the testing, manufacture, safety, efficacy, labeling, storage, export, record keeping, approval, marketing, advertising and promotion of our potential products. Product development and approval within this regulatory framework takes a number of years and involves significant uncertainty combined with the expenditure of substantial resources.

FDA APPROVAL

We will need to obtain FDA approval of any therapeutic product we plan to market and sell. The steps required before our potential products may be marketed in the United States include:

1. PRECLINICAL LABORATORY AND ANIMAL TESTS. Preclinical tests include laboratory evaluation of the product and animal studies in specific disease models to assess the potential safety and efficacy of the product and our formulation as well as the quality and consistency of the manufacturing process.

2. SUBMISSION TO THE FDA OF AN APPLICATION FOR AN INVESTIGATIONAL NEW DRUG EXEMPTION, OR IND, WHICH MUST BECOME EFFECTIVE BEFORE U.S. HUMAN CLINICAL TRIALS MAY COMMENCE. The results of the preclinical tests are submitted to the FDA as part of an IND, and the IND becomes effective 30 days following its receipt by the FDA, as long as there are no questions, requests for delay or objections from the FDA.

3. ADEQUATE AND WELL-CONTROLLED HUMAN CLINICAL TRIALS TO ESTABLISH THE SAFETY AND EFFICACY OF THE PRODUCT. Clinical trials involve the evaluation of the product in healthy volunteers or, as may be the case with our potential products, in a small number of patients under the supervision of a qualified physician. Clinical trials are conducted in accordance with protocols that detail the objectives of the study, the parameters to be used to monitor safety and the efficacy criteria to be evaluated. Any product administered in a U.S. clinical trial must be manufactured in accordance with clinical good manufacturing practices, or GMP, determined by FDA. Each protocol is submitted to the FDA as part of the IND.

The protocol for each clinical study must be approved by an independent Institutional Review Board, or IRB, at the institution at which the study is conducted and the informed consent of all participants must be obtained. The IRB will consider, among other things, the existing information on the product, ethical factors, the safety of human subjects, the potential benefits of the therapy and the possible liability of the institution.

Clinical development is traditionally conducted in three sequential phases, which may overlap:

o In Phase I, products are typically introduced into healthy human subjects or into selected patient populations to test for adverse reactions, dosage tolerance, absorption and distribution, metabolism, excretion and clinical pharmacology.

o Phase II involves studies in a limited patient population to
(i) determine the efficacy of the product for specific targeted indications and populations, (ii) determine optimal dosage and dosage tolerance and (iii) identify possible adverse effects and safety risks. When a dose is chosen and a candidate product is found to be effective and to have an acceptable safety profile in Phase II evaluations, Phase III trials begin.

o Phase III trials are undertaken to conclusively demonstrate clinical efficacy and to test further for safety within an expanded patient population, generally at multiple study sites.

The FDA continually reviews the clinical trial plans and results and may suggest changes or may require discontinuance of the trials at any time if significant safety issues arise.

1. Submission to the FDA of Marketing Authorization Applications. The results of the preclinical studies and clinical studies are submitted to the FDA in the form of marketing approval authorization applications.

2. FDA Approval of the Application(S) Prior to Any Commercial Sale or Shipment of the Drug Biologic Product Manufacturing Establishments Located in Certain States Also May be Subject to Separate Regulatory and Licensing Requirement. The testing and approval process will require substantial time, effort and expense. The time for approval is affected by a number of factors, including relative risks and benefits demonstrated in clinical trials, the availability of alternative treatments and the severity of the disease. Additional animal studies or clinical trials may be requested during the FDA review period, which might add to that time.

After FDA approval for the product, the manufacturing and the initial indications, further clinical trials may be required to gain approval for the use of the product for additional indications. The FDA may also require unusual or restrictive post-marketing testing and surveillance to monitor for adverse effects, which could involve significant expense, or may elect to grant only conditional approvals.

FDA MANUFACTURING REQUIREMENTS

Among the conditions for product licensure is the requirement that the prospective manufacturer's quality control and manufacturing procedures conform to the FDA's current good manufacturing practices, or GMP, requirement. Even after product licensure approval, the manufacturer must comply with GMP on a continuing basis, and what constitutes GMP may change as the state of the art of manufacturing changes. Domestic manufacturing facilities are subject to regular FDA inspections for GMP compliance, which are normally held at least every two years. Foreign manufacturing facilities are subject to periodic FDA inspections or inspections by the foreign regulatory authorities with reciprocal inspection agreements with the FDA. Domestic manufacturing facilities may also be subject to inspection by foreign authorities.

FAST TRACK, PRIORITY REVIEW AND ACCELERATED APPROVAL

Fast Track refers to a process for interacting with the FDA during drug development. Priority Review applies to the time frame the FDA targets for reviewing a completed application. Accelerated Approval (Subpart H) applies to the design and content of the studies used to support a marketing claim.

Fast Track is a formal mechanism to interact with the FDA using approaches that are available to all applicants for marketing claims. The Fact Track mechanism is described in the Food and Drug Administration Modernization Act of 1997. The benefits of Fast Track include scheduled meetings to seek FDA input into development plans, the option of submitting a New Drug Application (NDA) in sections rather than all components simultaneously, and the option of requesting evaluation of studies using surrogate endpoints as discussed below. The Fast Track designation is intended for the combination of a product and a claim that addresses an unmet medical need, but is independent of Priority Review and Accelerated Approval. An applicant may use any or all of the components of Fast Track without the formal designation. Fast Track designation does not necessarily lead to a Priority Review or Accelerated Approval.

PRIORITY REVIEW is a designation for an application after it has been submitted to the FDA for review for approval of a marketing claim. Under the Food and Drug Administration Modernization Act of 1997, reviews for New Drug Applications, or NDAs, are designated as either Standard or Priority. A Standard designation sets the target date for completing all aspects of a review and the FDA taking an action on the application (approve or not approve) at 10 months after the date it was filed. A Priority designation sets the target date for the FDA action at 6 months. A Priority designation is intended for those products that address unmet medical needs.

ACCELERATED APPROVAL OR SUBPART H APPROVAL is a program described in the NDA regulations that is intended to make promising products for life threatening diseases available on the market on the basis of preliminary evidence prior to formal demonstration of patient benefit. The studies are designed to measure and the FDA evaluation is performed on the basis of a surrogate marker (a measurement intended to substitute for the clinical measurement of interest, usually prolongation of survival) that is considered likely to predict patient benefit. The approval that is granted may be considered a provisional approval with a written commitment to complete clinical studies that formally demonstrate patient benefit. The Federal Register published a discussion of Accelerated Approval with comments. Absent a formal demonstration of patient benefit, a risk benefit assessment cannot be made. Accelerated Approval designation does not necessarily lead to a Priority Review.

PROPOSED FDA REGULATIONS

The FDA is requiring human cell, tissue, and cellular and tissue-based product (HCT/P) establishments to follow current good tissue practice, which governs the methods used in, and the facilities and controls used for, the manufacture of HCT/Ps; recordkeeping; and the establishment of a quality program. The agency is also issuing new regulations pertaining to labeling, reporting, inspections, and enforcement that will apply to manufacturers of HCT/Ps regulated solely under the authority of the Public Health Service Act, and not as drugs, devices, and/or biological products.

As part of this approach, the FDA has published final rules for registration of establishments that engage in the recovery, screening, testing, processing, storage or distribution of human cells, tissues, and cellular and tissue-based products, and for the listing of such products. These products specifically include stem cells that are progenitors of blood cells; however, the FDA makes no explicit statement regarding the inclusion of other types of stem cells. In addition, the FDA has published proposed rules for making suitability determinations for donors of cells and tissue and for current good tissue practice for manufacturers using them. We cannot now determine the full effects of this regulatory initiative, including precisely how it may affect the clarity of regulatory obligations and the extent of regulatory burdens associated with pluripotent adult stem cell research (for stem cells that give rise to various tissue types, including blood), and the manufacture and marketing of adult stem cell products.

OTHER REGULATIONS

In addition to safety regulations enforced by the FDA, we are also subject to regulations under the Occupational Safety and Health Act, the Environmental Protection Act, the Toxic Substances Control Act and other present and potential future foreign, Federal, state and local regulations.

Outside the United States, we will be subject to regulations that govern the import of drug products from the United States or other manufacturing sites and foreign regulatory requirements governing human clinical trials and marketing approval for our products. The requirements governing the conduct of clinical trials, product licensing, pricing and reimbursements vary widely from country to country. In particular, the European Union is revising its regulatory approach to high tech products, and representatives from the United States, Japan and the European Union are in the process of harmonizing and making more uniform the regulations for the registration of pharmaceutical products in these three markets.

EMPLOYEES.

As of June 1, 2005, we had 17 full time employees. We believe that our relations with our employees are good. None of our employees is represented by a union or covered by a collective bargaining agreement.

LEGAL PROCEEDINGS.

We are not currently a party to any legal proceedings.

MANAGEMENT

The following table sets forth certain information regarding the Company's current directors and executive officers.

The Company's executive officers are elected by the board of directors and serve at the discretion of the board. All of the current directors serve until the next annual stockholders' meeting or until their successors have been duly elected and qualified.

NAME	AGE	POSITION
David B. McWilliams	61	President and Chief Executive Officer, Director
Robert H. Gow	71	Chairman of the Board
C. William Rouse	57	Chief Financial Officer
Jim C. Williams	61	Chief Operating Officer
Mitzi Martinez-Montgomery	50	Vice President of Discovery and Preclinical Operations
Donna R. Rill	50	Vice President of Operations
Sandy L. Livney	49	Vice President of Administration / Controller
Anthony N. Kamin	44	Director
Paul M. Frison	67	Director
Brian E. Rodriguez	35	Director

Biographical information for the directors and executive officers of the Company is set forth below:

DAVID B. MCWILLIAMS was appointed President and Director in August 2004. From December 2004 until August 2004, Mr. McWilliams was a private investor. From June 2003 to December 2003, Mr. McWilliams served as President and CEO of Bacterial Barcodes, Inc., a molecular diagnostics company. From May 2002 to June 2003, Mr. McWilliams served as CEO of Signase, Inc., a cancer therapy company. Mr. McWilliams served as CEO of Encysive Pharmaceuticals Inc., a cardiovascular therapeutics company from June 1992 to March 2002. Prior to June 1992, Mr. McWilliams served as CEO of Zonagen Inc., a human reproductive products company. Prior to that time, Mr. McWilliams was a senior executive with Abbott Laboratories and a management consultant with McKinsey & Co. He currently serves as a director of Novelos Therapeutics, Inc. and Fairway Medical Systems, Inc. He also serves on the boards of the Texas Healthcare and Bioscience Institute and the Houston Technology Center. He received an MBA in finance from the University of Chicago, and a B.A. in chemistry, Phi Beta Kappa, from Washington and Jefferson College.

ROBERT H. GOW was elected Chairman of the Board in June 2004. Since 1994, Mr. Gow has been President of Yucatan Bamboo, Inc., a privately held company that raises and produces bamboo products. From March 1992 to July 1994, Mr. Gow served as President and Chief Executive Officer of SI Diamond Technology, Inc., a publicly held company engaged in the production of industrial coatings and coating equipment. Between 1985 and March 1992, he devoted substantially all of his time to the management of his personal investments. Prior to 1985, Mr. Gow served at various times as the President of Enterprise Technologies, Inc., a publicly held distributor of fuel oil, as a consultant to Norton Co., a publicly held manufacturer of abrasives and diamond drilling bits; as Vice President of Gulf Resources and Chemical Corp., a publicly held mining and chemical company; as President of Stratford of Texas, Inc., a public agricultural conglomerate; as President of Zapata Corp., a publicly held offshore drilling and maritime support company; as President of Champlain-Zapata Plastic Machinery, Inc., a subsidiary of Zapata that manufactured plastic molding equipment; and as Supervisor of Industrial Engineering for Norton Co. Mr. Gow graduated from the Yale School of Engineering in 1955.

JIM C. WILLIAMS, PHD, has served as the Company's Chief Operating Officer since November 2004. Dr. Williams served as Vice President of Clinical and Regulatory Affairs and as Chief Operating Officer for Opexa Pharmaceuticals, Inc. from February 2004 to November 2004. From August 2003 to February 2004 he was Senior Vice President, Regulatory Affairs and Operations for OSIRIS Therapeutics, Inc., and from November 2002 to August 2003 Dr. Williams was Vice President US Regulatory Affairs for Powderject Vaccines. From September 2001 to November 2002 Dr. Williams served as Assistant Vice President, Worldwide Regulatory Affairs for Wyeth BioPharma. Prior to this Dr. Williams served as Executive Director Regulatory Affairs for Aventis Pasteur from November 1994 to September 2001. Dr. Williams retired in 1994 as Captain from the U.S. Public Health Service with over twenty years of service in applied research and human-use product development which included assignments with the FDA, Center for Biologics Evaluation and Research as a Director Scientist in the Division of Vaccine and Related Product Applications; the US Army Medical Research Institute of Infectious Diseases as Chief, Intracellular Pathogens branch and the National Institutes of Health, National Institutes of Allergy and Infectious Diseases; and at the U.S. Naval Medical Research Institute as a research microbiologist.

C. WILLIAM ROUSE has served as the Company's Chief Financial Officer since May 2004. Prior to May 2004, Mr. Rouse was Managing Director of Rouse Associates from April 1999 until May 2004. From January 1995 to April 1999 he was Chief Marketing Officer for Futorian Inc. and from December 1990 to January 1995 he was a Division General Manager for Masco Corporation. Prior to 1990 Mr. Rouse was President of BEI, Inc. Mr. Rouse has led several startups and turnarounds and founded several successful companies.

MITZI MARTINEZ-MONTGOMERY, DVM, PHD, has served as the Company's Vice President of Discovery and Preclinical Operations since November 2004. Dr. Martinez-Montgomery is a veterinarian with over 17 years experience in lab animal medicine and pre-clinical testing in small animals and primates and she has a PhD in Immunology. From January 2002 to November 2004, she was the Vice President of Development for Opexa Pharmaceuticals, Inc. where she implemented the technology transfer of the manufacture of our autologous T cell therapy for multiple sclerosis from the Baylor College of Medicine Department of Neurology research laboratory to production for a clinical trial at Opexa Pharmaceuticals, Inc. From 1997 to 2001 Dr. Martinez-Montgomery served as the Director of Immunology and Pre-clinical Development for Zonagen, Inc., where she gained extensive experience in the design and implementation of in vivo and in vitro experiments to evaluate humoral and cell mediated immunity in humans and various animal models and is a named inventor on a vaccine adjuvant patent. Dr. Martinez-Montgomery also served as Study Director, attending veterinarian and the manager of a full GLP toxicology lab while at Zonagen, where she was responsible for experimental design and study protocol preparation, collection of in-life data, clinical and anatomic pathology data, and pharmacokinetic sampling conducted during dose range finding, acute, subacute, subchronic and reproductive toxicity studies in mice, rats and rabbits.

DONNA R. RILL has served as the Company's Vice President of Operations since November 2004. Ms. Rill has nearly 30 years of extensive clinical and research laboratory experience in cell and gene therapy research and clinical application, immunological techniques and assessment, microbiology, diagnostic virology, experimental design, and method development and implementation. She has expertise in the areas of laboratory development and operations, FDA GMP and regulatory compliance, quality control/assurance system development, and clinical Standards of Practice. From April 2003 to November 2004 she was the Director of Quality Systems and Process Development at Opexa Pharmaceuticals, Inc. From November 1997 to April 2003 she was the Director of Translational Research for the Center for Cell & Gene Therapy at Baylor College of Medicine. She has worked to design, and qualify GMP Cell & Gene Therapy Laboratories, GMP Vector Production facilities, and Translational Research Labs at St. Jude Children(1)s Research Hospital, Texas Children(1)s Hospital, and Baylor College of Medicine. Ms. Rill has held the positions of Laboratory Director of Cell and Gene Therapy, Translational Research Center for Cell and Gene Therapy, Baylor College of Medicine; Associate Scientist/Lab Manager of the Bone Marrow Transplant Research Laboratory, and the GMP Cell & Gene Therapy Laboratories, St. Jude Children(1)s Research Hospital; Clinical Infectious Disease Laboratory Manager, Education Coordinator and Clinical Instructor, Department of Clinical Laboratory, LeBonheur Children's Medical Center and University of Tennessee Center for the Health Sciences..

SANDY L. LIVNEY has served as the Company's Vice President of Administration and Controller since November 2004. Ms. Livney has over 25 years of experience working in private and public enterprises in various accounting and marketing roles. She became certified as a Certified Public Accountant by the State of Texas in 1981. Prior to November 2004, Ms. Livney worked for Systems Management Solutions, Inc. as its Controller beginning in June 2003 and served as Secretary, Treasurer and Chief Financial Officer until joining PharmaFrontiers. From January 2001 until May 2003, Ms. Livney worked for Petro-Valve, Inc., a privately owned enterprise, in a variety of capacities including Vice President of Business Development, Interim Controller and Personal Assistant to the owner. From January 1999 to 2001, Ms. Livney worked for T. Warren Investments, Inc., a privately owned enterprise, in a variety of functions including Controller, Business Manager and Personal Assistant to the Owner.

ANTHONY N. KAMIN has served as a Director of the Company since December, 2004. Since Mr. Kamin currently serves as President of two companies. Eastwood Investment Management is a private equity multi-strategy and multi-asset class manager. Interim Medical Management provides a range of management services primarily in the biotechnology and medical device fields. From 1998 to 2003, Kamin was a venture partner with Venture Strategy Partners. He is a co-founder of Nobex Corporation (oral protein and peptide delivery) and Hi Fidelity Entertainment. He is also currently Chairman of the Board of Advisors for Devlab, a center for technology commercialization at Northwestern University. He also serves on boards for Illinois Technology Enterprise Center (ITEC) in Chicago, Real American Restaurants, B2P.com, and The Cove School for children with learning disabilities. Kamin received a Masters Degree from Yale University in International Relations with a concentration in International Law.

PAUL M. FRISON has served as a Director of the Company since November, 2004. Mr. Frison has been President and CEO of the Houston Technology Center since January 1999. Before helping to found the Houston Technology Center in 1999, Frison spent 24 years as President and/or CEO building three public companies, NYSE-listed LifeMark, NASDAQ-listed ComputerCraft, and LifeCell Corp. (LIFC: NASDAQ-NM). Mr. Frison currently serves on the Board of Directors of the Houston Technology Center, Micromed Technologies, Inc., The Institute of Research and Rehabilitation, The Entrepreneurship Institute, The Houston Entrepreneurs Foundation, Texas Council of AEA, Texchange, and the Advisory Council of the University of Houston - College of Technology. He received his B.A. from Occidental College in Los Angeles, California.

BRIAN E. RODRIGUEZ has served as a Director and Chairman of the Audit Committee since August, 2004. Mr. Rodriguez has served as an accounting and finance consultant for Jefferson Wells International from October, 2004 to the present. From March, 2002 to October, 2004, Mr. Rodriguez served as Controller and then Director of Finance for JP Mobile Inc., a privately held wireless software company based in Dallas. Mr. Rodriguez served as Controller for ChipData Incorporated from March, 2001 to March, 2002. Prior to that Mr. Rodriguez was a consultant with Parson Consulting from April, 1999 to March, 2001. Mr. Rodriguez has been a Certified Public Accountant in the State of Texas since May, 1995. Mr. Rodriguez began his career in the Business Assurance practice of Cooper & Lybrand in Dallas, Texas. Mr. Rodriguez holds a B.B.A. from Texas A&M University.

COMMITTEES OF THE BOARD OF DIRECTORS

We currently have an audit committee, a compensation committee, and a nominating and corporate governance committee.

AUDIT COMMITTEE. The audit committee selects, on behalf of our board of directors, an independent public accounting firm to be engaged to audit our financial statements, discuss with the independent auditors their independence, review and discuss the audited financial statements with the independent auditors and management and recommend to our board of directors whether the audited financials should be included in our Annual Reports to be filed with the Securities and Exchange Commission. The Audit Committee operates pursuant to a written charter, which was adopted February 3, 2005. The current members of the audit committee are Messrs. Rodriguez, Kamin and Gow.

All of the current members of the Audit Committee are non-employee directors who: (1) meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); (2) have not participated in the preparation of our financial statements or the financial statements of Opexa; and (3) are able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. The board has determined that Mr. Rodriguez qualifies as an "Audit Committee Financial Expert" as defined by item 401(e) of Regulation S-B of the Exchange Act.

COMPENSATION COMMITTEE. The compensation committee reviews and either approves, on behalf of our board of directors, or recommends to the board of directors for approval (1) the annual salaries and other compensation of our executive officers and (2) individual stock and stock option grants. The compensation committee also provides assistance and recommendations with respect to our compensation policies and practices and assists with the administration of our compensation plans. The members of our Compensation Committee are independent directors as defined in the applicable rules and regulations promulgated by the SEC, and are neither an officer nor employee of us or our subsidiary. The Compensation Committee operates pursuant to a written charter, which was adopted August 11, 2004. The current members of the compensation committee are Messrs. Gow, Frisson and Kamin.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE. The nominating and corporate governance committee assists our board of directors in fulfilling its responsibilities by: identifying and approving individuals qualified to serve as members of our board of directors, selecting director nominees for our annual meetings of shareholders, evaluating the performance of our board of directors, and developing and recommending to our board of directors corporate governance guidelines and oversight with respect to corporate governance and ethical conduct. Messrs. Gow and Frison are the current members of the Nominating and Corporate Governance Committee, all of whom have been found by the Board of Directors to be an "independent director" pursuant to the applicable rules and regulations promulgated by the SEC. Mr. McWilliams is also a member of the committee. This committee operates pursuant to a written charter adopted on February 3, 2005.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION. During the year ended December 31, 2003, we did not have a Compensation Committee because Jason Otteson served as our sole officer and director. Following our acquisition of PharmaFrontier Corp. in May 2004 and the appointment of our current Board of Directors, our Board of Directors formed a Compensation Committee comprised of Messrs. Rodriguez and Gow. Mr. Kamin joined the committee in 2005. None of the committee members has ever been an employee of PharmaFrontiers Corp. None of our executive officers serve as a member of the board of directors or compensation committee of any entity that has any executive officer serving as a member of our Board of Directors or Compensation Committee.

COMPENSATION OF DIRECTORS

Mr. Frison and Mr. Kamin receive $1,000 for each regular meeting attended in person and $500 for each regular meeting attended by teleconference. Mr. Rodriguez receives $1,250 per month and Mr. Gow receives $3,000 per month irregardless of how many meetings are held and whether or not they attend the meetings in person or by teleconference. Mr. McWilliams who is a director and an officer does not receive any compensation for his services as a member of our board of directors. We reimburse our directors for travel and lodging expenses in connection with their attendance at board and committee meetings.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following tables set forth certain information regarding our CEO and each of our most highly-compensated officers whose total annual salary and bonus for the fiscal years ending December 31, 2004, 2003 and 2002 exceeded $100,000.

	ANNUAL COMPENSATION			LONG TERM COMPENSATION AWARDS	
NAME AND PRINCIPAL POSITION	YEAR	SALARY ($)	BONUS ($)	SECURITIES UNDERLYING OPTIONS (#)	ALL OTHER COMPENSATION ($)
David B. McWilliams (1)	2004	73,000	-	370,000 (2)	-
	2003	-	-	-	-
	2002	-	-	-	-
Warren Lau (3)	2004	98,000	-	-	-
	2003	-	-	-	-
	2002	-	-	-	-
Jason Otteson (4)	2004	42,000	-	-	-
	2003	102,000	-	24,000	-
	2002	102,000	-	-	-

(1) Served as chief executive officer since August 2004.
(2) See "Executive Employment Contracts" for a discussion of the option.
(3) Served as chief executive officer from June 2004 through August 2004.
(4) Served as chief executive officer until June 2004.

OPTION GRANTS IN LAST FISCAL YEAR

(Individual Grants)

NAME	NUMBER OF SECURITIES OPTIONS GRANTED	% OF TOTAL OPTIONS GRANTED TO FISCAL YEAR	EXERCISE/BASE PRICE ($/SHARE)	EXPIRATION DATE
David B. McWilliams	370,000	32%	3.00	August 2009
Warren Lau	-	-	-	-
Jason Otteson	-	-	-	-

OPTIONS EXERCISES AND FISCAL 2004 YEAR END VALUES

	NUMBER OF SHARES UNDERLYING UNEXERCISED OPTIONS AT DECEMBER 31 2004		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT DECEMBER 31 2004 (1)	
NAME	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
David B. McWilliams	50,000	320,000	$ 170,000	$ 1,088,000
Warren Lau	-	-	$ -	$ -
Jason Otteson	-	-	-	-

(1) The value of "in-the-money" stock options represents the difference between the $3.00 exercise price of such options and the fair market value of $6.40 per share of common stock as of December 31, 2004, the closing price of the common stock reported on the OTC Bulletin Board. No options were exercised during the fiscal year ended December 31, 2004. No stock appreciation rights were outstanding at the end of the 2004 fiscal year.

EXECUTIVE EMPLOYMENT CONTRACTS

Mr. David B. McWilliams has an existing employment agreement with us that he entered into effective August 23, 2004. Mr. McWilliams' current agreement for the position of chief executive officer is at an annual salary of $250,000 and may be terminated by us or Mr. McWilliams at any time for any or no reason. Mr. McWilliams has the right to purchase 370,000 shares of our common stock at a price per share of $3.00, of which 10,000 shares vest on the 1st day of each month of Mr. McWilliams' employment. In January 2005, Mr. McWilliams was granted an option to purchase 50,000 shares of our common stock at a purchase price of $3.00 per share.

C. William Rouse entered into an employment agreement, expiring April 2005, providing for an annual salary of $180,000. Mr. Rouse has the right to purchase 100,000 shares of our common stock at a price per share of $3.00. This option will vest in three parts: 33,333 on April 29, 2005, 33,333 on April 29, 2006 and finally 33,334 on April 29, 2007. Any unexercised options will expire on April 29, 2009. In January 2005, Mr. Rouse was granted an option to purchase 50,000 shares of common stock at a purchase price of $3.00 per share.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the number of shares of our common stock beneficially owned as of July 15, 2005 by:

o those persons or groups known to beneficially own more than 5% of our common stock;

o each of our executive officers and directors; and

o all of our directors and executive officers as a group.

For purposes of this table, beneficial ownership is determined in accordance with Rule 13d-3 promulgated under the Securities Exchange Act of 1934. Except as indicated below, the security holders listed possess sole voting and investment power with respect to the shares beneficially owned by that person.

NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER OF SHARES OWNED	PERCENTAGE OF CLASS(1)
George Jarkesy, Jr. (2) (3)	2,109,580	10.25%
Top Tier Investments (4)	1,228,837	5.97%
Warren Lau (2)	1,098,748	5.34%
David B. McWilliams (5)	442,127	2.15%
Robert H. Gow (2)	342,500	1.66%
C. William Rouse (6)	254,801	1.24%
Jim C. Williams (7)	142,538	*
Anthony N. Kamin (8)	106,667	*
Brian E. Rodriguez (9)	53,333	*
Mitzi Martinez-Montgomery	24,114	*
Sandy Livney (10)	37,500	*
Paul M. Frison (11)	6,667	*
Donna R. Rill	3,617	*
All directors and executive officers as a group (9 persons including the executive officers and directors listed above)	1,413,864	6.87%

* Less than 1%.

(1) Ownership percentages are based on 20,579,545 shares of common stock issued and outstanding as of July 15, 2005.

(2) Address: c/o PharmaFrontiers Corp., 2408 Timberloch, Suite B-7, The Woodlands, Texas 77380.

(3) Includes 635,000 shares held by the Jarkesy Foundation, Inc. Mr. Jarkesy's spouse holds voting and dispositive power with respect to these shares.

(4) Address: 50 California Street, Suite 3000, San Francisco, California 94111.

(5) Includes 146,667 shares of common stock that Mr. McWilliams may purchase upon exercise of stock options that are currently vested or will become vested within 60 days of July 15, 2005. Includes 143,703 shares of common stock that Mr. McWilliams may purchase upon exercise of warrants that are currently exercisable.

(6) Includes 66,667 shares of common stock that Mr. Rouse may purchase upon exercise of stock options that are currently vested or will become vested within 60 days of July 15, 2005. Includes 25,215 shares of common stock that Mr. Rouse may purchase upon exercise of warrants that are currently exercisable.

(7) Includes 56,818 shares of common stock that Dr. Williams may purchase upon exercise of warrants that are currently exercisable.

(8) Includes 6,667 shares of common stock that Mr. Kamin may purchase upon exercise of stock options that are currently vested or will become vested within 60 days of July 15, 2005.

(9) Includes 26,667 shares of common stock that Mr. Rodriguez may purchase upon exercise of stock options that are currently vested or will become vested within 60 days of July 15, 2005.

(10) Includes 37,500 shares of common stock that Ms. Livney may purchase upon exercise of warrants that are currently exercisable.

(11) Includes 6,667 shares of common stock that Mr. Frison may purchase upon exercise of stock options that are currently vested or will become vested within 60 days of July 15, 2005.

SELLING STOCKHOLDERS

No stockholder may offer or sell shares of our common stock under this prospectus unless such stockholder has notified us of his or her intention to sell shares of our common stock and this prospectus has been declared effective by the SEC, and remains effective at the time such selling stockholder offers or sells such shares. We are required to amend this prospectus to reflect material developments in our business, financial position and results of operations. Each time we file an amendment to this prospectus with the SEC, it must first be declared effective prior to the offer or sale of shares of our common stock by the selling stockholders.

The common stock covered by this prospectus is to be offered for the account of the selling stockholders in the following table. The selling stockholders may from time to time sell all, some or none of the shares of common stock offered by this prospectus.

The following table, which we have prepared based on information provided to us by the applicable selling stockholder, sets forth the name, the number of shares of common stock beneficially owned by the selling stockholders intending to sell our common stock and the number of shares of common stock to be offered. Unless set forth below, none of the selling stockholders selling in connection with the prospectus has held any position or office with, been employed by, or otherwise has had a material relationship with us or any of our affiliates during the three years prior to the date of the prospectus.

NAME OF SELLING STOCKHOLDER	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED (1)	NUMBER OF SHARES OF COMMON STOCK OFFERED HEREUNDER	NUMBER AND % OF OUTSTANDING SHARES OF COMMON STOCK OWNED AFTER COMPLETION OF OFFERING	
			NUMBER	% (2)
AFDSMSSAS, L.P. (3)	52,500	52,500	-0-	*
Alkek & Williams Ventures (4)	512,501	512,501	-0-	*
Alpine Atlantic Asset Management AG (5)	1,240,295	1,240,295	-0-	*
Andrew B. & Shanna Sue Linbeck (6)	127,500	127,500	-0-	*
Anthony J. Spatacco, Jr. (7)	73,570	73,570	-0-	*
Anthony M. Sensoli (8)	251,644	251,644	-0-	*
Anthony M. Sensoli, IRA Charles Schwab & Co., Inc. Custodian (9)	44,620	44,620	-0-	*
Archie McK Malone (10)	136,760	136,760	-0-	*
Arthur J. & Phyllis C. Goodwin 2001 Family Trust Dated 4-26-01 (11)	29,736	29,736	-0-	*

NAME OF SELLING STOCKHOLDER	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED (1)	NUMBER OF SHARES OF COMMON STOCK OFFERED HEREUNDER	NUMBER AND % OF OUTSTANDING SHARES OF COMMON STOCK OWNED AFTER COMPLETION OF OFFERING	
			NUMBER	% (2)
Beverly E. Wrubel (12)	29,634	29,634	-0-	*
Billie Willmon Jenkin (13)	60,356	60,356	-0-	*
Bobby D. Perry (14)	125,003	125,003	-0-	*
Bradley S. Stewart (15)	77,192	77,192	-0-	*
Brewer & Pritchard, PC (16)	382,506	382,506	-0-	*
Bruce C. Marek (17)	308,356	308,356	-0-	*
Bruno Nordberg (18)	62,625	62,625	-0-	*
Bruno or Joan A. Nordberg, JWROS (19)	74,007	74,007	-0-	*
C. William Rouse (20)	234,583	38,134	196,450	*
Cameron Living Trust Ltd 8/31/95 (21)	29,603	29,603	-0-	*
Capital Growth Resources (22)	55,235	55,235	-0-	*
Centrum Bank AG (23)	295,000	295,000	-0-	*
Charles L. Bradley (24)	125,003	125,003	-0-	*
Cimarron Biomedical Equity Master Fund, L.P. (25)	625,001	625,001	-0-	*
Citigroup Global Markets Custodian FBO Mary Ann Wesner, 2004 Roth IRA (26)	13,257	13,257	-0-	*
Citigroup Global Markets Custodian FBO Mary Ann Wesner, 2005 Roth IRA (27)	7,228	7,228	-0-	*
Citigroup Global Markets Custodian FBO Terry Wesner, 2004 Roth IRA (28)	10,311	10,311	-0-	*

NAME OF SELLING STOCKHOLDER	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED (1)	NUMBER OF SHARES OF COMMON STOCK OFFERED HEREUNDER	NUMBER AND % OF OUTSTANDING SHARES OF COMMON STOCK OWNED AFTER COMPLETION OF OFFERING	
			NUMBER	% (2)
Citigroup Global Markets Custodian FBO Terry Wesner, 2005 Roth IRA (29)	13,257	13,257	-0-	*
CKW LLC (30)	62,501	62,501	-0-	*
Clariden Investments LTD (31)	154,178	154,178	-0-	*
Crestview Capital Master, LLC (32)	1,875,000	1,875,000	-0-	*
Crutchfield Family 1976 Trust (33)	147,603	147,603	-0-	*
Dale W. Spradling (34)	438,253	308,253	130,000	*
Daniel L. Zimmerman (35)	74,135	74,135	-0-	*
David B. McWilliams (36)	423,193	207,958	215,235	1.02
David Livney (37)	37,500	37,500	-0-	*
David P. Haswell (38)	30,271	30,271	-0-	*
Davis Investments V LP (39)	2,306,745	2,136,474	170,271	*
Delaware Charter Guaranty & Trust fbo Andre Guay, IRA (40)	24,077	24,077	-0-	*
Delaware Charter Guaranty & Trust fbo Gisele Guay, IRA (41)	36,115	36,115	-0-	*
Delaware Charter Guaranty & Trust fbo Ronald Brangwyn, IRA (42)	30,384	30,384	-0-	*
Dietrich & Rosemarie Riemer (43)	75,000	75,000	-0-	*
DLD Family Investments, LLC (44)	500,003	500,003	-0-	*
Donald G. Stewart (45)	340,430	291,919	48,511	*
Douglas Alan Jenkin (46)	118,575	118,575	-0-	*

NAME OF SELLING STOCKHOLDER	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED (1)	NUMBER OF SHARES OF COMMON STOCK OFFERED HEREUNDER	NUMBER AND % OF OUTSTANDING SHARES OF COMMON STOCK OWNED AFTER COMPLETION OF OFFERING	
			NUMBER	% (2)
E. Elaine Schuster (47)	59,329	59,329	-0-	*
E55 LP (48)	62,501	62,501	-0-	*
Edward W. Gray and Sharon H. Gray (49)	29,541	29,541	-0-	*
Elizabeth J. Hanson (50)	75,000	75,000	-0-	*
Elizabeth J. Hanson, IRA (51)	29,675	29,675	-0-	*
Enable Capital Management, LLC (52)	888,390	888,390	-0-	*
Enable Growth Partners LP (53)	1,050,000	1,050,000	-0-	*
Enable Opportunity Partners LP (54)	225,000	225,000	-0-	*
Ervin Living Trust (55)	60,500	60,500	-0-	*
Ervin Living Trust Dtd.7/6/95, Robert D. Ervin & Rita Y. Ervin Co-TTEES (56)	62,501	62,501	-0-	*
First Trust Corporation TTEE FBO: Lynn C. Kalcic (57)	14,227	14,227	-0-	*
First Trust Corporation TTEE FBO: Mary A. Kalcic (58)	39,109	39,109	-0-	*
Frank M. Mandola (59)	123,342	123,342	-0-	*
Fred S. Harper (60)	166,111	166,111	-0-	*
Gary Hanson & Elizabeth Hanson (61)	29,603	29,603	-0-	*
Gemini Master Fund, Ltd. (62)	296,541	296,541	-0-	*
George E. Liberato (63)	61,671	61,671	-0-	*
George Jarkesy, Jr.	1,474,500	1,474,500	-0-	*

NAME OF SELLING STOCKHOLDER	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED (1)	NUMBER OF SHARES OF COMMON STOCK OFFERED HEREUNDER	NUMBER AND % OF OUTSTANDING SHARES OF COMMON STOCK OWNED AFTER COMPLETION OF OFFERING	
			NUMBER	% (2)
H. Michael Lambert (64)	349,658	304,658	45,000	*
Harold E. Tellefsen Trust (65)	86,203	86,203	-0-	*
HRBFA Custo. Of the IRA FBO Mary Ann Sharrow (66)	107,125	107,125	-0-	*
HRBFA Custo. Of the IRA FBO Paul G. Sharrow (67)	101,173	101,173	-0-	*
I. Dwyane Davis (68)	121,481	121,481	-0-	*
Insiders Trend Fund LP (69)	129,436	129,436	-0-	*
Jack Dulworth (70)	125,003	125,003	-0-	*
James E. Striedel (71)	153,202	153,202	-0-	*
James G. Geistfeld Living Trust (72)	29,644	29,644	-0-	*
Jarkesy Foundation, Inc. (73)	635,080	635,080	-0-	*
Jerome T. Usalis (74)	1,138,080	908,079	230,001	1.09
Jessica Spradling (75)	375,000	375,000	-0-	*
Jimmy C. Williams (76)	106,869	80,479	26,390	*
John H. Crutchfield (77)	295,308	295,308	-0-	*
John T. Borgese (78)	145,579	145,579	-0-	*
Joseph D. Mandola (79)	264,182	247,515	16,667	*
Joseph L. Draskovich (80)	30,250	30,250	-0-	*
Joyce E. Burris (81)	30,332	30,332	-0-	*
Kalcic Exemption Trust (82)	30,312	30,312	-0-	*

NAME OF SELLING STOCKHOLDER	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED (1)	NUMBER OF SHARES OF COMMON STOCK OFFERED HEREUNDER	NUMBER AND % OF OUTSTANDING SHARES OF COMMON STOCK OWNED AFTER COMPLETION OF OFFERING	
			NUMBER	% (2)
Kirk Folkerts (83)	269,762	216,628	53,134	*
Lakeview Direct Investments, LP (84)	250,001	250,001	-0-	*
Lawrence S. Yunker (85)	17,657	17,657	-0-	*
LB (Swiss) Private Bank LTD (86)	77,063	77,063	-0-	*
Linda M. Barone/Larry R. Zilli (87)	74,161	74,161	-0-	*
Liparus, LLC (88)	29,613	29,613	-0-	*
Lone Star No. 1, Ltd (89)	127,500	127,500	-0-	*
Louis R. Reif (90)	98,251	75,651	22,600	*
Marcus F. Wray (91)	62,501	62,501	-0-	*
Mark A. Stewart (92)	332,553	279,386	53,167	*
Mark S. Boland (93)	122,631	122,631	-0-	*
Michael Hamblett (94)	147,603	147,603	-0-	*
Michael K. Boudreaux (95)	29,592	29,592	-0-	*
Michel C. Neumann (96)	29,962	29,962	-0-	*
Nancy R. Greer Linn (97)	58,856	58,856	-0-	*
NFS LLC/FMTC FBO Richard E Crawford (98)	148,271	148,271	-0-	*
Nick Lippuner & Marianne Lippuner (99)	92,926	92,926	-0-	*
Norman R. Morris Living Trust (100)	62,501	62,501	-0-	*
Pamela Dru Sutton (101)	73,955	73,955	-0-	*

NAME OF SELLING STOCKHOLDER	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED (1)	NUMBER OF SHARES OF COMMON STOCK OFFERED HEREUNDER	NUMBER AND % OF OUTSTANDING SHARES OF COMMON STOCK OWNED AFTER COMPLETION OF OFFERING	
			NUMBER	% (2)
Panacea Fund, LLC (102)	626,250	626,250	-0-	*
Pankaj A. Patel (103)	295,719	295,719	-0-	*
Parsifal Investments, L.P. (104)	131,250	131,250	-0-	*
Paul G. Sharrow (105)	29,644	29,644	-0-	*
Paul Masters, IRA (106)	147,192	147,192	-0-	*
Pershing LLC as Custodian FBO Kinnary Patel Rollover IRA (107)	117,712	117,712	-0-	*
Pershing LLC as Custodian FBO Kinnary Patel Roth IRA (108)	117,712	117,712	-0-	*
Pinnacle Trust Co., LTA (109)	625,001	625,001	-0-	*
Provident Premier Master Fund, Ltd (110)	591,438	591,438	-0-	*
Renaissance Interests, L.P. (111)	262,500	262,500	-0-	*
Richard N. Ernst (112)	296,541	296,541	-0-	*
Richard T. Jeleniewski (113)	74,289	74,289	-0-	*
Robert F. Donathan (114)	295,308	295,308	-0-	*
Roland Hartman (115)	348,322	148,322	200,000	*
Ronald Brangwyn (116)	62,501	62,501	-0-	*
Rudy Aguirre and Therese Mosqueda Ponce (117)	30,384	30,384	-0-	*
S. Edmund Resciniti (118)	125,003	125,003	-0-	*
SAA Trust (119)	62,625	62,625	-0-	*
SAA Trust, Paul & MaryAnn Mallis TTEES (120)	44,420	44,420	-0-	*

NAME OF SELLING STOCKHOLDER	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED (1)	NUMBER OF SHARES OF COMMON STOCK OFFERED HEREUNDER	NUMBER AND % OF OUTSTANDING SHARES OF COMMON STOCK OWNED AFTER COMPLETION OF OFFERING	
			NUMBER	% (2)
Sanders Morris Harris (121)	652,752	652,752	-0-	*
Sandra L. Livney (122)	37,500	37,500	-0-	*
Schroder & Co Bank AG (123)	524,031	524,031	-0-	*
Scott B. Seiman (124)	150,000	150,000	-0-	*
Shantilal C. Patidar (125)	183,666	138,666	45,000	*
SIBEX Capital Fund, Inc. (126)	750,000	750,000	-0-	*
SMI Re Limited (127)	3,572,397	3,372,397	200,000	*
Snehal S Patel & Kinnary Patel, Jt. Tenants in Common (128)	979,610	979,610	-0-	*
Stahl Family Revocable Living Trust dated 8-23-01 (129)	30,260	30,260	-0-	*
Sterling Trust Co fbo Carol A. Wynn (130)	58,856	58,856	-0-	*
Sterling Trust Company, Custodian fbo Harold E. Tellefsen (131)	54,931	54,931	-0-	*
Stone & Sutton, P.A. P/S Trust Pam Sutton, Trustee (132)	29,582	29,582	-0-	*
T. William Merrill (133)	125,003	125,003	-0-	*
TCMP3 Partners, L.P. (134)	296,438	296,438	-0-	*
Terry H. Wesner (135)	364,540	308,048	56,492	*
Terry Wesner & MaryAnn Wesner (136)	152,329	152,329	-0-	*
Timothy L. Brawner (137)	29,644	29,644	-0-	*
Todd R. Allen (138)	92,269	92,269	-0-	*
University of Chicago (139)	550,397	550,397	-0-	*

NAME OF SELLING STOCKHOLDER	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED (1)	NUMBER OF SHARES OF COMMON STOCK OFFERED HEREUNDER	NUMBER AND % OF OUTSTANDING SHARES OF COMMON STOCK OWNED AFTER COMPLETION OF OFFERING	
			NUMBER	% (2)
vFinance Managed by Jonathan C. Rich (140)	14,000	14,000	-0-	*
Yellowstone Equity Partners, Ltd. (141)	243,750	243,750	-0-	*
Millard B. Ryland, IRA (142)	87,499	87,499	-0-	*
Albert and Margaret Alkek Foundation (143)	625,002	625,002	-0-	*
Beverly B. Arnold (144)	250,002	250,002	-0-	*
Walter W. Pollack, Jr. (145)	375,000	375,000	-0-	*
Michale and Kristine Marrale (146)	75,000	75,000	-0-	*
Sam Buck (147)	75,000	75,000	-0-	*
Starboard Capital Markets (148)	1,000	1,000	-0-	*
Monarch Capital Group, LLC (149)	850	850	-0-	*
SW Bach (150)	11,900	11,900	-0-	*
Harry Groszecki (151)	112,500	112,500	-0-	*
Lippert Heilshorn & Associates Inc. (152)	49,838	49,838	-0-	*
James Boston (153)	27,503	27,503	-0-	*
682501 Alberta Ltd. (154)	62,501	62,501	-0-	*
Mitchell Sassower (155)	37,500	37,500	-0-	*
D. Carl Lustig (156)	50,003	50,003	-0-	*
Steven Sach (157)	75,000	75,000	-0-	*

(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock subject to options or warrants currently exercisable or exercisable within 60 days of July 15, 2005 are deemed outstanding for computing the percentage of the person holding such option or warrant but are not deemed outstanding for computing the percentage of any other person.

(2) Percentage is based on 21,153,746 shares of common stock outstanding.

(3) Includes 38,500 shares of common stock underlying warrants. Saleh M. Shenaq exercises voting and dispositive power over all of the shares beneficially owned by AFDSMSSAS.

(4) Includes 375,834 shares of common stock underlying warrants. Alkek & Williams Ventures is a private investment fund. Scott Seaman exercises voting and dispositive power over all of the shares beneficially owned by Alkeck & Williams Ventures.

(5) Includes 817,149 shares of common stock underlying warrants. Alpine Atlantic Asset Management AG is a private investment fund. Willy Betschart exercises voting and dispositive power over all of the shares beneficially owned Alpine, a Zurich based private investment fund.

(6) Includes 93,500 shares of common stock underlying warrants.

(7) Includes 48,451 shares of common stock underlying warrants.

(8) Includes 165,839 shares of common stock underlying warrants.

(9) Includes 29,421 shares of common stock underlying warrants. Anthony M. Sensoli exercises voting and dispositive power over all of the shares beneficially owned by Anthony M. Sensoli, IRA Charles Schwab & Co., Inc. Custodian.

(10) Includes 94,791 shares of common stock underlying warrants.

(11) Includes 19,607 shares of common stock underlying warrants. Arthur J. Goodwin exercises voting and dispositive power over all of the shares beneficially owned by Arthur J. & Phyllis C. Goodwin 2001 Family Trust Dated 4-26-01.

(12) Includes 19,531 shares of common stock underlying warrants.

(13) Includes 39,861 shares of common stock underlying warrants.

(14) Includes 91,669 shares of common stock underlying warrants.

(15) Includes 51,107 shares of common stock underlying warrants.

(16) Includes 36,669 shares of common stock underlying warrants. Brewer and Pritchard, PC is a professional corporation. Thomas Pritchard exercises voting and dispositive power over all of the shares beneficially owned by Brewer and Pritchard PC.

(17) Includes 204,128 shares of common stock underlying warrants.

(18) Includes 45,925 shares of common stock underlying warrants.

(19) Includes 48,772 shares of common stock underlying warrants.

(20) Includes 25,215 shares of common stock underlying warrants and 66,667 options that are vested with an exercise price of $3.00.

(21) Includes 19,509 shares of common stock underlying warrants. Mr. George
R. Cameron exercises voting and dispositive power over all of the shares beneficially owned by Cameron Living Trust.

(22) Includes 37,371 shares of common stock underlying warrants. Capital Growth Resources is a Broker/Dealer that acquired these securities for underwriting activities. Walt Miller has the power to vote and dispose of these shares owned by Capital Growth Resources.

(23) Includes 194,333 shares of common stock underlying warrants. William Pinamonti exercises voting and dispositive power over all of the shares beneficially owned by Centrum Bank AG.

(24) Includes 91,669 shares of common stock underlying warrants.

(25) Includes 458,334 shares of common stock underlying warrants. Cimarron Biomedical Equity Master Fund is an investment fund. J. H. Cullum Clark has the power to vote and dispose of PharmaFrontiers Common Stock owned by Cimarron Biomedical Equity Master Fund.

(26) Includes 8,731 shares of common stock underlying warrants. Mary Ann Wesner exercises voting and dispositive power over all of the shares beneficially owned by Mary Ann Wesner, 2004 Roth IRA.

(27) Includes 4,761 shares of common stock underlying warrants. Mary Ann Wesner exercises voting and dispositive power over all of the shares beneficially owned by Mary Ann Wesner, 2005 Roth IRA.

(28) Includes 6,791 shares of common stock underlying warrants. Terry Wesner exercises voting and dispositive power over all of the shares beneficially owned by Terry Wesner, 2004 Roth IRA.

(29) Includes 8,731 shares of common stock underlying warrants. Terry Wesner exercises voting and dispositive power over all of the shares beneficially owned by Terry Wesner, 2005 Roth IRA.

(30) Includes 45,834 shares of common stock underlying warrants. CKW LLC is a private investment fund. David J Kowalick exercises voting and dispositive power over all of the shares beneficially owned by CKW LLC.

(31) Includes 102,064 shares of common stock underlying warrants. Clariden Investments LTD. Is a private investment fund. Ricc-Lee Ingram exercises voting and dispositive power over all of the shares beneficially owned by Clariden Investments LTD.

(32) Includes 1,375,000 shares of common stock underlying warrants. Crestview Capital Master, LLC is a private investment fund. Daniel I. Warsh exercises voting and dispositive power over all of the shares beneficially owned by Crestview Capital Master, LLC.

(33) Includes 97,242 shares of common stock underlying warrants. John Crutchfield exercises voting and dispositive power over all of the shares beneficially owned by Crutchfield Family 1976 Trust

(34) Includes 204,053 shares of common stock underlying warrants.

(35) Includes 48,866 shares of common stock underlying warrants.

(36) Includes 143,703 shares of common stock underlying warrants and 146,667 options that are vested with an exercise price of $3.00.

(37) Includes 27,500 shares of common stock underlying warrants.

(38) Includes 19,998 shares of common stock underlying warrants.

(39) Includes 1,456,747 shares of common stock underlying warrants. Davis Investments V, LP is a private investment fund. Christopher Davis exercises voting and dispositive power over all of the shares beneficially owned by Davis Investments V, LP.

(40) Includes 15,896 shares of common stock underlying warrants. Andre Guay exercises voting and dispositive power over all of the shares beneficially owned by Andre Guay, IRA.

(41) Includes 23,844 shares of common stock underlying warrants. Gisele Guay exercises voting and dispositive power over all of the shares beneficially owned by Gisele Guay, IRA.

(42) Includes 20,081 shares of common stock underlying warrants. Ronald Brangwyn exercises voting and dispositive power over all of the shares beneficially owned by Ronald Brangwyn, IRA.

(43) Includes 55,000 shares of common stock underlying warrants.

(44) Includes 366,669 shares of common stock underlying warrants. Laura Liang exercises voting and dispositive power over all of the shares beneficially owned by DLD Family Investments, LLC.

(45) Includes 197,574 shares of common stock underlying warrants.

(46) Includes 78,155 shares of common stock underlying warrants.

(47) Includes 39,108 shares of common stock underlying warrants.

(48) Includes 45,834 shares of common stock underlying warrants. Fanny Chan exercises voting and dispositive power over all of the shares beneficially owned by E55LP.

(49) Includes 19,463 shares of common stock underlying warrants.

(50) Includes 55,000 shares of common stock underlying warrants.

(51) Includes 19,561 shares of common stock underlying warrants. Elizabeth J. Hanson exercises voting and dispositive power over all of the shares beneficially owned by Elizabeth J. Hanson, IRA.

(52) Includes 585,486 shares of common stock underlying warrants. Enable Capital Management, LLC is a private investment fund. Brendan O'Neil exercises voting and dispositive power over all of the shares beneficially owned by Enable Capital Management, LLC.

(53) Includes 770,000 shares of common stock underlying warrants. Enable Growth Partners LP is a private investment fund. Brendan O'Neil exercises voting and dispositive power over all of the shares beneficially owned by Enable Growth Partners LP.

(54) Includes 165,000 shares of common stock underlying warrants. Enable Opportunity Partners LP is a private investment fund. Brendan O'Neil exercises voting and dispositive power over all of the shares beneficially owned by Enable Opportunity Partners LP.

(55) Includes 39,967 shares of common stock underlying warrants. Robert D. Ervin exercises voting and dispositive power over all of the shares beneficially owned by Ervin Living Trust.

(56) Includes 45,834 shares of common stock underlying warrants. Robert D. Ervin & Rita Y. Ervin Co-TTEES exercise voting and dispositive power over all of the shares beneficially owned by Ervin Living Trust Dated 7/6/95.

(57) Includes 9,381 shares of common stock underlying warrants. Lynn C. Kalcic exercises voting and dispositive power over all of the shares beneficially owned by First Trust Corporation TTEE FBO: Lynn C. Kalcic.

(58) Includes 25,787 shares of common stock underlying warrants. Mary A. Kalcic exercises voting and dispositive power over all of the shares beneficially owned by First Trust Corporation TTEE FBO: Mary A. Kalcic.

(59) Includes 81,651 shares of common stock underlying warrants.

(60) Includes 114,115 shares of common stock underlying warrants.

(61) Includes 19,509 shares of common stock underlying warrants.

(62) Includes 195,463 shares of common stock underlying warrants. Gemini Master Fund, Ltd. is a private investment fund. Steven Winters exercises voting and dispositive power over all of the shares beneficially owned by Gemini Master Fund, Ltd.

(63) Includes 40,826 shares of common stock underlying warrants.

(64) Includes 201,416 shares of common stock underlying warrants.

(65) Includes 61,455 shares of common stock underlying warrants. Harold E. Tellefsen exercises voting and dispositive power over all of the shares beneficially owned by Harold E. Tellefsen Trust.

(66) Includes 70,638 shares of common stock underlying warrants. Mary Ann Sharrow exercises voting and dispositive power over all of the shares beneficially owned by HRBFA Custodian of the IRA FBO Mary Ann Sharrow.

(67) Includes 66,714 shares of common stock underlying warrants. Paul G. Sharrow exercises voting and dispositive power over all of the shares beneficially owned by HRBFA Custodian of the IRA FBO Paul G. Sharrow.

(68) Includes 84,686 shares of common stock underlying warrants.

(69) Includes 85,870 shares of common stock underlying warrants. Insiders Trend Fund LP is a private investment fund. Anthony Marchese exercises voting and dispositive power over all of the shares beneficially owned by Insiders Trend Fund LP.

(70) Includes 91,669 shares of common stock underlying warrants.

(71) Includes 101,348 shares of common stock underlying warrants.

(72) Includes 19,539 shares of common stock underlying warrants. James G. Geistfield exercises voting and dispositive power over all of the shares beneficially owned by James G. Geistfeld Living Trust.

(73) Includes 439,325 shares of common stock underlying warrants. George Jarkesy Jr. exercises voting and dispositive power over all of the shares beneficially owned by Jarkesy Foundation.

(74) Includes 662,625 shares of common stock underlying warrants.

(75) Includes 275,000 shares of common stock underlying warrants.

(76) Includes 56,818 shares of common stock underlying warrants.

(77) Includes 194,559 shares of common stock underlying warrants.

(78) Includes 102,358 shares of common stock underlying warrants.

(79) Includes 168,311 shares of common stock underlying warrants.

(80) Includes 19,983 shares of common stock underlying warrants.

(81) Includes 20,044 shares of common stock underlying warrants.

(82) Includes 20,029 shares of common stock underlying warrants. Paul A Kalcic exercises voting and dispositive power over all of the shares beneficially owned by Kalcic Exemption Trust.

(83) Includes 147,861 shares of common stock underlying warrants.

(84) Includes 183,334 shares of common stock underlying warrants. Thomas Elden exercises voting and dispositive power over all of the shares beneficially owned by Lakeview Direct Investments, LP.

(85) Includes 11,628 shares of common stock underlying warrants.

(86) Includes 51,013 shares of common stock underlying warrants. Olaf Herr exercises voting and dispositive power over all of the shares beneficially owned by LB (Swiss) Private Bank LTD.

(87) Includes 48,885 shares of common stock underlying warrants.

(88) Includes 19,516 shares of common stock underlying warrants. Gregory Mallis exercises voting and dispositive power over all of the shares beneficially owned by Liparus, LLC.

(89) Includes 93,500 shares of common stock underlying warrants. James H. Glanville exercises voting and dispositive power over all of the shares beneficially owned by Lone Star No. 1, Ltd

(90) Includes 49,977 shares of common stock underlying warrants.

(91) Includes 45,834 shares of common stock underlying warrants.

(92) Includes 193,883 shares of common stock underlying warrants.

(93) Includes 85,530 shares of common stock underlying warrants.

(94) Includes 97,242 shares of common stock underlying warrants.

(95) Includes 19,501 shares of common stock underlying warrants.

(96) Includes 19,772 shares of common stock underlying warrants.

(97) Includes 38,761 shares of common stock underlying warrants.

(98) Includes 97,732 shares of common stock underlying warrants. Richard E. Crawford exercises voting and dispositive power over all of the shares beneficially owned by NFS LLC/FMTC FBO Richard E. Crawford.

(99) Includes 65,946 shares of common stock underlying warrants.

(100) Includes 45,834 shares of common stock underlying warrants. Norman R. Morris exercises voting and dispositive power over all of the shares beneficially owned by Norman R. Morris Living Trust.

(101) Includes 48,734 shares of common stock underlying warrants.

(102) Includes 459,250 shares of common stock underlying warrants. Panacea Fund, LLC is a private investment fund. Charles Polsky exercises voting and dispositive power over all of the shares beneficially owned by Panacea Fund, LLC.

(103) Includes 194,861 shares of common stock underlying warrants.

(104) Includes 96,250 shares of common stock underlying warrants. Parsifal Investments, L.P. is a private investment fund. Alfred L. Deaton III exercises voting and dispositive power over all of the shares beneficially owned by Parsifal Investments, L.P.

(105) Includes 28,607 shares of common stock underlying warrants. Patrick Linbeck is a financial consultant and acquired these securities for a result of the Company's June/July 2005 funding.

(106) Includes 19,539 shares of common stock underlying warrants.

(107) Includes 96,941 shares of common stock underlying warrants. Paul Masters exercises voting and dispositive power over all of the shares beneficially owned by Paul Masters IRA.

(108) Includes 77,522 shares of common stock underlying warrants. Kinnary Patel exercises voting and dispositive power over all of the shares beneficially owned by Kinnary Patel Rollover IRA.

(109) Includes 77,522 shares of common stock underlying warrants. Kinnary Patel exercises voting and dispositive power over all of the shares beneficially owned by Kinnary Patel Roth IRA.

(110) Includes 458,334 shares of common stock underlying warrants. Pinnacle Trust Co., LTA is a private investment fund that acquired these securities for underwriting activities. Andrew Linbeck has the power to vote and dispose of PharmaFrontiers Common Stock owned by Pinnacle Trust Co., LTA.

(111) Includes 389,721 shares of common stock underlying warrants. Provident Premier Master Fund, Ltd. is a private investment fund. Steven Winters exercises voting and dispositive power over all of the shares beneficially owned by Provident Premier Master Fund, Ltd.

(112) Includes 192,500 shares of common stock underlying warrants. Renaissance Interests, L.P. is a private investment fund. Bradley C. Karp exercises voting and dispositive power over all of the shares beneficially owned by Renaissance Interests, L.P.

(113) Includes 195,463 shares of common stock underlying warrants.

(114) Includes 48,979shares of common stock underlying warrants.

(115) Includes 194,559 shares of common stock underlying warrants.

(116) Includes 97,769 shares of common stock underlying warrants.

(117) Includes 45,834 shares of common stock underlying warrants.

(118) Includes 20,081 shares of common stock underlying warrants.

(119) Includes 91,669 shares of common stock underlying warrants.

(120) Includes 45,925 shares of common stock underlying warrants. Paul and Mary Ann Mallis TTEES exercise voting and dispositive power over all of the shares beneficially owned by SAA Trust.

(121) Includes 29,274 shares of common stock underlying warrants. Paul and Mary Ann Mallis TTEES exercise voting and dispositive power over all of the shares beneficially owned by SAA Trust Paul and Mary Ann Mallis TTEES.

(122) Includes 87,920 shares of common stock underlying warrants. Salient Partners is an investment firm that acquired these securities for underwriting activities. Andrew Linbeck has the power to vote and dispose of PharmaFrontiers Common Stock owned by Salient Partners.

(123) Includes 304,968 shares of common stock underlying warrants. Sanders Morris Harris is an investment firm that acquired these securities for underwriting activities. Ben Morris has the power to vote and dispose of PharmaFrontiers Common Stock owned by Sanders Morris Harris.

(124) Includes 37,500 shares of common stock underlying warrants.

(125) Includes 346,889 shares of common stock underlying warrants. Markus Keller exercises voting and dispositive power over all of the shares beneficially owned by Schroder & Co Bank AG

(126) Includes 110,000shares of common stock underlying warrants.

(127) Includes 96,188 shares of common stock underlying warrants.

(128) Includes 550,000 shares of common stock underlying warrants. SIBEX Capital Fund, Inc. is a private investment fund. Oleg S. Krasnoshchek exercises voting and dispositive power over all of the shares beneficially owned by SIBEX Capital Fund, Inc.

(129) Includes 2,231,091 shares of common stock underlying warrants. SMI Re Limited is a private investment fund. Dr. Reginal McDaniel exercises voting and dispositive power over all of the shares beneficially owned by SMI Re Limited.

(130) Includes 38,761 shares of common stock underlying warrants.

(131) Includes 609,219 shares of common stock underlying warrants. Frederick Stahl Jr. exercises voting and dispositive power over all of the shares beneficially owned by Stahl Family Revocable Living Trust Dated 8-23-01.

(132) Includes 38,761 shares of common stock underlying warrants. Carol A Wynn exercises voting and dispositive power over all of the shares beneficially owned by Sterling Trust Company FBO Carol A. Wynn.

(133) Includes 36,323shares of common stock underlying warrants. Harold E Tellefsen exercises voting and dispositive power over all of the shares beneficially owned by Sterling Trust Company Custodian FBO Harold E Tellefsen.

(134) Includes 19,494 shares of common stock underlying warrants. Pam Sutton exercises voting and dispositive power over all of the shares beneficially owned by P.A. P/S Trust Pam Sutton Trustee.

(135) Includes 91,669 shares of common stock underlying warrants.

(136) Includes 195,388 shares of common stock underlying warrants. TCMP3 Partners, LP is a private investment fund. Steve Slawson exercises voting and dispositive power over all of the shares beneficially owned by TCMP3 Partners, LP.

(137) Includes 203,902 shares of common stock underlying warrants.

(138) Includes 100,708 shares of common stock underlying warrants.

(139) The University of Chicago, an Illinois not-for-profit corporation, having its principal office at 5555 S. Woodlawn Avenue, Chicago, IL 60637 USA. Alan Thomas exercises voting and dispositive power over all of the shares beneficially owned by the University of Chicago.

(140) Includes 19,539 shares of common stock underlying warrants.

(141) Includes 65,464 shares of common stock underlying warrants.

(142) Includes 14,000 shares of common stock underlying warrants. vFinance is an investment firm that acquired these securities for underwriting activities. Jonathon C. Rich has the power to vote and dispose of PharmaFrontiers Common Stock owned by vFinance.

(143) Includes 178,750 shares of common stock underlying warrants. Yellowstone Equity Partners, Ltd. is a private investment fund. Brenda Lee exercises voting and dispositive power over all of the shares beneficially owned by Yellowstone Equity Partners, Ltd.

(144) Includes 64,166 shares of common stock underlying warrants. Millard B. Ryland exercises voting and dispositive power over all of the shares beneficially owned by Millard B. Ryland IRA.

(145) Includes 458,335 shares of common stock underlying warrants. Albert & Margaret Alkek Foundation is a private investment fund. Scott Seaman exercises voting and dispositive power over all of the shares beneficially owned by Albert & Margaret Alkek Foundation.

(146) Includes 183,335 shares of common stock underlying warrants.

(147) Includes 275,000 shares of common stock underlying warrants.

(148) Includes 55,000 shares of common stock underlying warrants.

(149) Includes 55,000 shares of common stock underlying warrants.

(150) Includes 1,000 shares of common stock underlying warrants. Starboard Capital Markets is an investment firm that acquired these securities for underwriting activities. Michael Hamblett has the power to vote and dispose of PharmaFrontiers Common Stock owned by Starboard Capital Markets.

(151) Includes 1,000 shares of common stock underlying warrants. Monarch Capital Group, LLC is an investment firm that acquired these securities for underwriting activities. Anthony Marchese has the power to vote and dispose of PharmaFrontiers Common Stock owned by Monarch Capital Group, LLC.

(152) Includes 11,900 shares of common stock underlying warrants. SW Bach is an investment firm that acquired these securities for underwriting activities. Guy Clemente has the power to vote and dispose of PharmaFrontiers Common Stock owned by SW Bach.

(153) Includes 82,500 shares of common stock underlying warrants.

(154) Keith L. Lippert has the power to vote and dispose of the shares owned by Lippert Heilshorn & Associates, Inc.

(155) Includes 20,169 shares of common stock underlying warrants.

(156) Includes 45,834 shares of common stock underlying warrants. 682501 Alberta Ltd. is a private investment fund. Jeff Green exercises voting and dispositive power over all of the shares beneficially owned by Albert & Margaret Alkek Foundation.

(157) Includes 27,500 shares of common stock underlying warrants.

(158) Includes 36,669 shares of common stock underlying warrants.

(159) Includes 55,000 shares of common stock underlying warrants.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

There are no related party transactions.

DESCRIPTION OF SECURITIES

CAPITALIZATION OF THE COMPANY

COMMON STOCK

We are authorized to issue 50,000,000 shares of common stock, par value $0.05 per share. As of July 15, 2005, there are 20,579,545 shares of common stock issued and outstanding. Each share of common stock is entitled to one vote per share for the election of directors and on all other matters submitted to a vote of stockholders. There are no cumulative voting rights. Common stockholders do not have preemptive rights or other rights to subscribe for additional shares, and the common stock is not subject to conversion or redemption. In the event of liquidation, the holders of common stock will share equally in any balance of corporate assets available for distribution to them. Subject to the rights of holders of the any other securities subsequently issued, holders of the common stock are entitled to receive dividends when and as declared by our Board of Directors out of funds legally available. We have not paid any dividends since its inception and has no intention to pay any dividends in the foreseeable future. Any future dividends would be subject to the discretion of the Board of Directors and would depend on, among other things, our future earnings, the operating and financial condition, our capital requirements, and general business conditions.

PREFERRED STOCK

We are authorized to issue 10,000,000 shares of preferred stock, no par value per share. As of July 15, 2005, no shares of preferred stock are issued and outstanding. Our Board of Directors can, without approval of our stockholders, issue one or more series of preferred stock. If we offer preferred stock, our Board of Directors will determine the number of shares and the rights, preferences and limitations of each series. These rights, preferences and limitations may include specific designations, number of shares, liquidation value, dividend rights, liquidation and redemption rights, voting rights, other rights, including conversion or exchange rights, if any, and any other specific terms.

PROMISSORY NOTES

During the six months ended February 14, 2005, we issued 15% Convertible Exchangeable Notes with an aggregate principal amount of $6.1 million. On June 30, 2005, all of the 15% Convertible Exchangeable Notes and associated rights to warrants were exchanged for common stock and Series A Warrants, Series B Warrants and Series C Warrants. None of the notes or rights to warrants remain outstanding.

WARRANTS AND OPTIONS

2004 STOCK INCENTIVE PLAN. Pursuant to our 2004 Stock Incentive Plan we may issue to our officers, directors, employees and consultants incentive stock options, non-qualified stock options and shares of restricted stock. The plan provides for us to issue up to 2,000,000 shares of its common stock pursuant to awards under the plan. The maximum number of shares in the Plan was increased to 3,000,000 by shareholder vote at our annual meeting in June 2005. As of July 15, 2005, we had outstanding options, granted pursuant to the plan, to purchase 1,424,500 shares of common stock at an exercise price of $3.00 per share. All of our outstanding options expire five years after the date of grant. The plan is designed to qualify under the Internal Revenue Code as an incentive stock option plan.

SERIES A WARRANTS, SERIES B WARRANTS AND SERIES C WARRANTS. As of July 15, 2005 we have issued and outstanding (i) Series A Warrants to purchase an aggregate of 10,410,134 of our common shares, (ii) Series B Warrants to purchase an aggregate of 4,164,054 of our common shares, and (iii) Series C Warrants to purchase an aggregate of 8,328,107 of our common shares.

The Series A Warrant is exercisable at any time and has an exercise price of $2.00 per share and expires on the later of (i) February 17, 2006 or (ii) five months after the registration statement for the re-sale of the warrant shares becomes effective; if we issue common stock or common stock equivalents for a price less than $1.50, the exercise price will be revised to equal such lower price and the number of shares subject to the warrant shall increase proportionately; provided, however, the exercise price will not be reduced below $1.00 and any increase in the number of shares shall be proportionately limited.

The Series B Warrant is exercisable at any time and has an exercise price of $2.90 per share and expires on the later of (i) October 17, 2006 or (ii) 12 months after the registration statement for the re-sale of the warrant shares becomes effective; if we issue common stock or common stock equivalents for a price less than $1.50, the exercise price will be revised to $2.00 and the number of shares subject to the warrant shall increase proportionately.

The Series C Warrant is exercisable at any time and has an exercise price of $4.00 per share and expires June 17, 2010; if prior to the third anniversary of the closing of the offering we issue common stock or common stock equivalents for a price less than $1.50, the exercise price will be revised to $3.00 and the number of shares subject to the warrant shall increase proportionately; if prior to the third anniversary of the closing of the offering we issue common stock or common stock equivalents for a price less than the then current exercise price but more than $1.50, the exercise price will be revised to equal the weighted average price of the outstanding shares and the newly issued shares; if after the third anniversary of the closing of the offering we issue common stock or common stock equivalents for a price less than the then current exercise price, the exercise price will be revised to equal the weighted average price of the outstanding shares and the newly issued shares; whenever any such adjustments are made to the exercise price, the number of shares subject to the Series C Warrant shall increase proportionately; provided, the exercise price will not be reduced below $3.00 and any increase in the number of shares shall be proportionately limited.

All of the warrants are exercisable immediately. Each of the Series A warrants, Series B warrants and Series C warrants are only exercisable by "accredited investors" as defined in Regulation D under the Securities Act of 1933.

PLACEMENT AGENT WARRANTS. In connection with the 15% Convertible Exchangeable Note offering and the common stock offering closed June 17, 2005 we have issued to the placement agent and other brokerage firms in those offerings warrants to purchase an aggregate of 145,827 shares of common stock at an exercise price of $1.50. These warrants are exercisable immediately and will expire June 17, 2010.

OTHER OBLIGATIONS TO ISSUE SHARES. We have entered into an agreement for services which obligates us to issue shares of common stock with a value of $85,000 to BlausenLisi LP. In addition, our license agreement with the University of Chicago obligates us, subsequent to the later of November 30, 2005 or a financing, raising $10 million or more, to issue sufficient additional shares to the University of Chicago so that it holds 2.6% of our common stock.

RESTRICTIONS ON SALES BY CERTAIN EXISTING SHAREHOLDERS

A total of 3,941,248 shares of our common stock held by Warren C. Lau, George Jarkesy, Jr., R. Wayne Fritzsche, Robert H. Gow, David M. Klausmeyer, Bruce Mackler and David R. Strawn are subject to a lock-up agreement that precluded any sales prior to June 4, 2005 and, thereafter, limits sales of up to an aggregate of 492,656 shares of our common stock per 90-day period. This lock-up will terminate if the last sales price of our common stock is at or above $10.00 per share for 10 out of 20 consecutive days, or upon a "change of control" transaction.

A total of 891,820 shares of our common stock held by George Jarkesy, Jr. and Brewer & Prichard, P.C. are subject to another lock-up agreement effective May 2004 that limits sales of up to an aggregate of 74,319 shares of our common stock per 90-day period. This lock-up agreement restriction will terminate if the last sales price of our common stock is at or above $10.00 per share for 10 out of 20 consecutive days, or upon a "change of control" transaction.

A total of 2,500,000 shares held by Top Tier Investment, LLC and various other shareholders are subject to another lock-up agreement effective November 5, 2004 that precludes any sales prior to November 5, 2005 and, thereafter, limits sales of up to an aggregate of 312,500 shares of our common stock per 90-day period. There is no termination provision in this lock-up agreement.

PLAN OF DISTRIBUTION

We are registering shares of our common stock on behalf of the selling stockholders. As used in this prospectus, "selling stockholders" includes donees, transferees, pledgees and other successors in interest (other than purchasers pursuant to this prospectus) selling shares received from a named selling stockholder after the date of this prospectus. We will pay for all costs, expenses and fees in connection with the registration of the shares. The selling stockholders will pay for all selling discounts and commissions, if any. The selling stockholders may offer and sell their shares from time to time in one or more of the following types of transactions (including block transactions):

o on any national exchange on which the shares are listed or any automatic quotation system through which the shares are quoted,

o in the over-the-counter market,

o in privately negotiated transactions,

o through put and call transactions,

o through short sales, and

o a combination of such methods of sale.

The selling stockholders may sell their shares at prevailing market prices or at privately negotiated prices. The selling stockholders may use brokers, dealers or agents to sell their shares. The persons acting as agents may receive compensation in the form of commissions, discounts or concessions. This compensation may be paid by the selling stockholders or the purchasers of the shares for whom such persons may act as agent, or to whom they may sell as a principal, or both.

The selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions. In connection with these transactions, broker-dealers or other financial institutions may engage in short sales of the shares in the course of hedging positions they assume with selling stockholders. The selling stockholders may also enter into options or other transactions with broker-dealers or other financial institutions which require the delivery to these broker-dealers or other financial institutions of shares, which such broker-dealer or other financial institution may resell pursuant to this prospectus (as amended or supplemented to reflect such transaction). The selling stockholders may also engage in short sales of shares and, in those instances, this prospectus may be delivered in connection with the short sales and the shares offered under this prospectus may be used to cover the short sales.

The selling stockholders and any agents or broker-dealers that participate with the selling stockholders in the offer and sale of the shares may be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act of 1933. Any commissions they receive and any profit they realize on the resale of the shares by them may be deemed to be underwriting discounts and commissions under the Securities Act of 1933. Neither we nor any selling stockholder can presently estimate the amount of such compensation. Because a selling stockholder may be deemed to be an "underwriter" within the meaning of the Securities Act of 1933, the selling stockholders will be subject to the prospectus delivery requirements of the Securities Act of 1933, which may include delivery through the facilities of the applicable exchange or automated quotation system pursuant to Rule 153 under the Securities Act of 1933. The selling stockholders may agree to indemnify any agent, dealer or broker-dealer that participates in transactions involving shares against certain liabilities, including liabilities arising under the Securities Act of 1933.

The selling stockholders and any other person participating in a distribution of the securities covered by this prospectus will be subject to applicable provisions of the Securities Exchange Act of 1934 and the rules and regulations under the Securities Exchange Act of 1934, including Regulation M, which may limit the timing of purchases and sales of any of the securities by the selling stockholders and any other such person. Furthermore, under Regulation M, any person engaged in the distribution of the securities may not simultaneously engage in market-making activities with respect to the particular securities being distributed for certain periods prior to the commencement of or during such distribution. Regulation M's prohibition on purchases may include purchases to cover short positions by the selling stockholders, and a selling stockholder's failure to cover a short position at a lender's request and subsequent purchases by the lender in the open market of shares to cover such short positions, may be deemed to constitute an inducement to buy shares, which is prohibited by Regulation M. All of the above may effect the marketability of the securities and the ability of any person or entity to engage in market-making activities with respect to the securities.

We are not aware of whether the selling stockholders have entered into any agreements, understanding or arrangements with any broker-dealers regarding the sale of their shares, nor as we aware that there is an underwriter or coordinating broker acting in connection with the proposed sale of shares by the selling stockholders.

Selling stockholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act of 1933, provided they meet the criteria and conform to the requirements of that rule.

Following notification by a selling stockholder that it has entered into any material arrangement with a broker-dealer for the sale of shares through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing:

o the name of each such selling stockholder and of the participating broker-dealer(s);

o the number of shares involved;

o the initial price at which these shares were sold;

o the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable;

o that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus; and

O any other facts material to the transactions.

In addition, following notification by a selling stockholder that a donee, pledgee, transferee or other successor-in-interest of such selling stockholder intends to sell more than 500 shares, we will file a supplement to this prospectus.

LEGAL MATTERS

The validity of the common stock offered by this prospectus was passed upon for us by Vinson & Elkins L.L.P., Houston, Texas.

EXPERTS

The consolidated financial statements for the year ended December 31, 2004 and for the period from January 22, 2003 (date of inception) to December 31, 2003 included in this prospectus have been audited by Malone & Bailey PC, independent registered public accounting firm, as stated in their report appearing herein.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement we file with the Securities and Exchange Commission. This prospectus does not contain all of the information contained in the registration statement and all of the exhibits and schedules thereto. For further information about PharmaFrontiers Corp., please see the complete registration statement. Summaries of agreements or other documents in this prospectus are not necessarily complete. Please refer to the exhibits to the registration statement for complete copies of such documents.

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission under the Securities Exchange Act of 1934. You may read and copy the registration statement, including exhibits and schedules filed with it, at the SEC's public reference facilities in Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the public reference room in Washington, D.C. by calling the Securities and Exchange Commission at 1-800-SEC-0330.

We file information electronically with the Securities and Exchange Commission. Our Securities and Exchange Commission filings also are available from the Securities and Exchange Commission's Internet site at http://www.sec.gov, which contains reports, proxy and information statements and other information regarding issuers that file electronically.

INDEX TO FINANCIAL STATEMENTS

PHARMAFRONTIERS CORP.
(A Development Stage Company)
CONSOLIDATED BALANCE SHEET
March 31, 2005
(unaudited)

Current Assets	
Cash	$ 1,711,098
Prepaid expenses	129,310
Current assets	1,840,408
Intangible assets, net of accumulated amortization of $648,630	$ 26,394,204
Property & equipment, net of accumulated depreciation of $205,762	348,892
Total Assets	$ 28,583,504
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities	
Accounts payable	$ 633,820
Accrued expenses	466,230
Convertible notes, net of unamortized discount of $4,222,514	1,902,345
Notes payable	2,391,889
Total Current Liabilities	5,394,284
Commitments and Contingencies	--
Stockholders' Equity	
Convertible preferred stock, no par value, 10,000,000 shares authorized, none issued and outstanding	--
Common stock, $.05 par value, 50,000,000 shares authorized, 10,534,526 shares issued and outstanding	526,727
Additional paid in capital	31,156,464
Deficit accumulated during the development stage	(8,493,971)
Total Stockholders' Equity	23,189,220
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 28,583,504

PHARMAFRONTIERS CORP.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF EXPENSES

Three Months Ended March 31, 2005 and 2004 and the Period from January 22, 2003 (Inception) to March 31, 2005

(unaudited)

	THREE MONTHS ENDED MARCH 31,		INCEPTION THROUGH MARCH 31,
	2005	2004	2005
General and administrative	$ 1,625,030	$ 512,411	$ 4,833,319
Research and development.....	644,264	--	1,276,885
Net operating loss.....	(2,269,294)	(512,411)	(6,110,204)
Interest income.....	6,930	--	12,922
Other income.....	2,444	--	4,823
Interest expense.....	(1,487,384)	(30,616)	(2,401,512)
Net Loss.....	$ (3,747,304)	$ (543,027)	(8,493,971)
Basic and diluted loss per share.....	$ (0.37)	$ (0.12)	
Weighted average shares Outstanding.....	10,224,456	4,376,771	

PHARMAFRONTIERS CORP.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOW

Three Months Ended March 31, 2005 and 2004 and the Period from January 22, 2003 (Inception) to March 31, 2005

(unaudited)

	THREE MONTHS ENDED MARCH 31, 2005	THREE MONTHS ENDED MARCH 31, 2004	INCEPTION THROUGH MARCH 31, 2005
Cash flows from operating activities			
Net loss	$ (3,747,304)	$ (543,028)	$ (8,493,971)
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock issued for services	--	492,500	849,000
Stock issued for debt	109,073	--	109,073
Amortization of discount on notes payable due to warrants and beneficial conversion feature	1,294,100	28,604	2,090,667
Amortization of intangible assets	396,869	--	648,630
Depreciation	21,444	37	34,502
Option expense	355,400	--	478,733
Loss on disposition of fixed assets	--	--	457,122
Debt forgiveness			
Changes in:			
Accounts payable	(554,772)	(137)	(495,965)
Prepaid expenses	(34,973)	--	(73,923)
Accrued expenses	249,575	4,583	280,901
Net cash used in operating activities	(1,910,588)	(17,441)	(4,115,231)
Cash flows from investing activities			
Purchase of licenses	--	(25,000)	(232,742)
Purchase of property & equipment	(28,352)	(3,611)	(201,356)
Net cash used in investing activities	(28,352)	(28,611)	(434,098)
Cash flows from financing activities			
Common stock sold for cash	--	7,500	10,000
Common stock repurchased and canceled	--	--	(325)
Repayment on notes payable	(58,614)	--	(63,614)
Proceeds from debt	2,856,660	100,000	6,314,366
Net cash provided by financing activities	2,798,046	107,500	6,260,427
Net change in cash	859,106	61,448	1,711,098
Cash at beginning of year	851,992	68	--
Cash at end of period	$ 1,711,098	$ 61,516	$ 1,711,098

PHARMAFRONTIERS CORP.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

Three Months Ended March 31, 2005 and 2004 and the Period from January 22, 2003 (Inception) to March 31, 2005

(unaudited)

	THREE MONTHS ENDED MARCH 31, 2005	THREE MONTHS ENDED MARCH 31, 2004	INCEPTION THROUGH MARCH 31, 2005
NON-CASH TRANSACTIONS			
Issuance of common stock for purchase of Opexa	$ --	$ --	$ 23,750,000
Issuance of common stock to Sportan shareholders	--	--	147,733
Issuance of common stock for University of Chicago license	--	--	427,075
Conversion of notes payable to common stock	34,751	--	283,121
Conversion of accrued liabilities to Common Stock	17,176	--	17,176
Conversion of accounts payable to note payable	--	--	93,364
Discount on convertible notes relating to:			
- warrants	1,433,108	--	3,309,790
- beneficial conversion feature	831,945	--	1,715,974
- stock attached to notes	999,074	--	1,287,440

PHARMAFRONTIERS CORP.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(unaudited)

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of PharmaFrontiers Corp., ("Pharma"), (a development stage company), have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in the Pharma's latest Annual Report filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for the most recent fiscal year, 2004, as reported in Form 10-K, have been omitted.

NOTE 2 - STOCK BASED COMPENSATION

Pharma accounts for stock-based compensation under the intrinsic value method. Under this method, Pharma recognizes no compensation expense for stock options granted when the number of underlying shares is known and exercise price of the option is greater than or equal to the fair market value of the stock on the date of grant. The following table illustrates the effect on net loss and net loss per share if Pharma had applied the fair value provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation for the three ended March 31, 2005 and 2004:

	THREE MONTHS ENDED MARCH 31,	
	2005	2004
Net loss as reported	$(3,747,304)	$ (543,027)
Add: stock based compensation determined under intrinsic value-based method	355,400	--
Less: stock based compensation determined under fair value based method	(453,024)	--
Pro forma net loss	$(3,844,928)	$ (543,027)
Basic and diluted net loss per common share:		
As reported	$ (0.37)	$ (0.12)
Pro forma	(0.38)	(0.12)

The weighted average fair value of the stock options granted during 2005 was $6.46. Variables used in the Black-Scholes option-pricing model include
(1) 2% risk-free interest rate, (2) expected option life is the actual remaining life of the options as of each year end, (3) expected volatility is 110% and (4) zero expected dividends.

NOTE 3 - THIRD PARTY CONVERTIBLE NOTES & STOCK PAYABLE TO NOTE HOLDERS

During the first quarter of 2005, Pharma issued convertible notes to investors totaling $2,896,884. A description of the notes is as follows:

o MATURITY: The notes mature on November 30, 2005, at which time the principal amount of the notes will be mandatorily convertible into shares of common stock at the conversion price (as described below).

o INTEREST: Interest will accrue at a rate of 15% per annum. If Pharma completes an Equity Financing prior to November 30, 2005, interest will be converted to common stock using a conversion price of the weighted average gross offering price of Pharma's common stock or common stock equivalents issued in the Equity Financing. If no such Equity Financing occurs, the accrued interest is convertible at $3.00 per share.

o MANDATORY EXCHANGE: In the event Pharma raises $10,000,000 in one or a series of transactions by selling common stock or common stock equivalents prior to the maturity of the notes ("Equity Financing"), the principal amount of the notes will by automatically exchanged for the same type of securities issued in the Equity Financing. The exchange will occur upon the closing of the Equity Financing. The conversion price used for the mandatory exchange will be equal to the weighted average gross offering price of the common stock or common stock equivalents sold in the Equity Financing. Pharma will pay accrued interest on the closing date in cash or shares of common stock valued at the common stock offering price of the Equity Financing.

o CONVERSION AND CONVERSION PRICE: In the event that there is no Equity Financing, the principal amount of the notes will automatically convert into common stock and Pharma will have the right to pay the accrued interest on notes in cash or with shares of common stock. The number of shares of common stock shall be determined by dividing the amount owed by $3.00. The conversion price may be adjusted from time to time upon the occurrence of certain specified events.

o ADDITIONAL SHARES: For each $100,000 loaned to Pharma, 10,000 shares of common stock will be issued.

o WARRANTS: If the notes are mandatorily exchanged for Pharma securities, Pharma will issue investors one-year warrants. The number of warrants issued will be determined by dividing the aggregate principal amount of the notes by the exercise price. The exercise price of the warrants will be equal to 50% of the weighted average gross offering price of the common stock or common stock equivalents issued in the Equity Financing. If there is no Equity Financing prior to the maturity of the notes, Pharma will issue note holders warrants identical to those issued upon a mandatory exchange, except that the exercise price shall equal the conversion price.

The proceeds from the notes have been discounted for the relative fair value of the warrants, the stock, and beneficial conversion feature. All discounts will be amortized over the life of the notes. 451,688 shares of stock from proceeds raised in the latter part of 2004 and in 2005 was issued to shareholders in March 2005. A summary of the notes is as follows:

	NOTES PAYABLE
Gross proceeds from notes	$ 6,124,859
Less: Relative fair value of stock payable to note holders	(1,287,440)
Less: Relative value of warrants	(3,215,618)
Less: Beneficial conversion feature	(1,621,801)
Add: Amortization of discounts	1,902,345
Value of note on March 31, 2005	$ 1,902,345

NOTE 4 - NOTES PAYABLE

Notes payable to third parties consists of the following:

Note payable to the University of Chicago; no interest; due earlier of Pharma raising $10,000,000 in an Equity Financing or October 30, 2005; secured by license...	$ 1,500,000
Stock payable to the University of Chicago equal to 2.6% of outstanding shares; no interest; due later of Pharma raising $10,000,000 in an Equity Financing or November 30, 2005; secured by license	891,889
Total	$ 2,391,889

NOTE 5 - COMMITMENT AND CONTINGENCIES

After purchasing Opexa, Pharma assumed an eighteen-month operating lease from Opexa for a research facility. The lease commenced in June 2003 and was due to expire in November 2004. Pharma extended the lease until March 31, 2005 and is continuing to operate under the terms of said lease until a final lease agreement is negotiated with the landlord. Negotiations for expanded lease space and a manufacturing facility build out are underway; monthly lease payment is yet to be determined. Pharma has the option to exercise two 5 year renewals extending the lease to March 31, 2010 and if the second option is exercised, extending the lease to March 31, 2015.

NOTE 6 - EQUITY

In March 2005, 451,688 shares of common stock with a relative fair value of $999,074 were issued to note holders as their additional shares for their subscription investment in Pharma. See note 4 for details.

During February 2005, 23,000 shares of common stock were issued to note holders for the conversion of $51,927 of principal and interest from the notes.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
PharmaFrontiers Corp.

(a development stage company)

The Woodlands, Texas

We have audited the accompanying consolidated balance sheet of PharmaFrontiers Corp., ("Pharma")(a development stage company), as of December 31, 2004 and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the year then ended and the period from January 22, 2003 (Inception) through December 31, 2003 and 2004. These consolidated financial statements are the responsibility of Pharma's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Pharma as of December 31, 2004 and the consolidated results of its operations and its cash flows for the periods described in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that Pharma will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, Pharma has suffered recurring losses from operations and has a negative working capital, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

MALONE & BAILEY, PC
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Houston, Texas

February 23, 2005

PHARMAFRONTIERS CORP.
(A Development Stage Company)
CONSOLIDATED BALANCE SHEET
December 31, 2004

Current Assets	
Cash	$ 851,992
Prepaid expenses	94,337
Current assets	946,329
Intangible assets, net of $251,761 of accumulated amortization	26,791,073
Property & equipment, net of $184,318 of accumulated depreciation	341,984
Total Assets	$ 28,079,386
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities	
Accounts payable	$ 1,188,617
Accrued expenses	233,831
Convertible notes, net of unamortized discount of $2,619,754	608,221
Stock payable to convertible note holders	367,243
Notes payable	2,485,253
Total Current Liabilities	4,883,165
Commitments and Contingencies	--
Stockholders' Equity	
Convertible preferred stock, no par value, 10,000,000 shares authorized, none issued and outstanding	--
Common stock, $.05 par value, 50,000,000 shares authorized, 10,059,838 shares issued and outstanding	502,992
Additional paid in capital	27,439,896
Deficit accumulated during the development stage	(4,746,667)
Total Stockholders' Equity	23,196,221
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 28,079,386

See accompanying summary of accounting policies and notes to consolidated financial statements

PHARMAFRONTIERS CORP.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF EXPENSES

Year ended December 31, 2004 and the Period from January 22, 2003 (Inception) through December 31, 2003 and 2004

	2004	INCEPTION THROUGH 2003	INCEPTION THROUGH 2004
General and administrative	$ 3,127,488	$ 80,801	$ 3,208,289
Research and development	632,621	--	632,621
Net operating loss	(3,760,109)	(80,801)	(3,840,910)
Interest income	5,992	--	5,992
Other income	2,379	--	2,379
Interest expense	(868,926)	(45,202)	(914,128)
NET LOSS	$ (4,620,664)	$ (126,003)	$ (4,746,667)
Basic and diluted loss per share	$(.73)	N/A	
Weighted average shares outstanding	6,309,145	N/A	

See accompanying summary of accounting policies and notes to consolidated financial statements

PHARMAFRONTIERS CORP.
(A Development Stage Company)

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
From January 22, 2003 (Inception) through December 31, 2004

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	TOTAL
Shares issued for cash	5,250,000	$ 1,000	$ --	$ 1,000
Shares repurchased and cancelled	(1,706,250)	(325)	--	(325)
Discount relating to:				
- beneficial conversion feature	--	28,180	--	28,180
- warrants attached to debt	--	28,180	--	28,180
Net loss	--	--	(126,003)	(126,003)
Balances at December 31, 2003	3,543,750	57,035	(126,003)	(68,968)
Shares issued for:				
- cash	22,500	9,000	--	9,000
- services	2,065,000	849,000	--	849,000
- license	242,688	427,075	--	427,075
- reverse merger with Sportan	997,399	(147,733)	--	(147,733)
- acquisition of Opexa	2,500,000	23,750,000	--	23,750,000
- additional shares attached to convertible debt	161,000	288,366	--	288,366
- conversion of convertible notes	607,501	248,370	--	248,370
Shares cancelled	(80,000)	--	--	--
Offering costs relating to convertible debt	--	(365,909)	--	(365,909)
Discount relating to:				
- beneficial conversion feature	--	855,849	--	855,849
- warrants attached to debt	--	1,848,502	--	1,848,502
Option expense	--	123,333	--	123,333
Net loss	--	--	(4,620,664)	(4,620,664)
Balances at December 31, 2004	10,059,838	27,942,888	$ (4,746,667)	$ 23,196,221
Less: par		502,992		
Additional paid in capital		$ 27,439,896		

See accompanying summary of accounting policies and notes to consolidated financial statements

PHARMAFRONTIERS CORP.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31, 2004 and the Period from January 22, 2003 (Inception) through December 31, 2003 and 2004

	2004	INCEPTION THROUGH 2003	INCEPTION THROUGH 2004
Cash flows from operating activities			
Net loss	$ (4,620,664)	$ (126,003)	$ (4,746,667)
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock issued for services	849,000	--	849,000
Amortization of discount on notes payable due to warrants and beneficial conversion feature	753,812	42,755	796,567
Amortization of intangible assets	251,761	--	251,761
Depreciation	13,058	--	13,058
Option expense	123,333	--	123,333
Loss on disposition of fixed assets	457,122	--	457,122
Changes in:			
Accounts payable	58,670	137	58,807
Prepaid expenses	(38,950)	--	(38,950)
Accrued expenses	23,822	7,504	31,326
Net cash used in operating activities	(2,129,036)	(75,607)	(2,204,643)
Cash flows from investing activities			
Purchase of licenses	(232,742)	--	(232,742)
Purchase of property & equipment	(173,004)	--	(173,004)
Net cash used in investing activities	(405,746)	--	(405,746)
Cash flows from financing activities			
Common stock sold for cash	9,000	1,000	10,000
Common stock repurchased and canceled		(325)	(325)
Payments on license notes payable	(5,000)	--	(5,000)
Proceeds from debt	3,382,706	75,000	3,457,706
Net cash provided by financing activities	3,386,706	75,675	3,462,381
Net change in cash	851,924	68	851,992
Cash at beginning of year	68	--	--
Cash at end of year	$ 851,992	$ 68	$ 851,992

See accompanying summary of accounting policies and notes to consolidated financial statements

PHARMAFRONTIERS CORP.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

Year ended December 31, 2004 and the Period from January 22, 2003 (Inception) through December 31, 2003 and 2004

	2004	INCEPTION THROUGH 2003	INCEPTION THROUGH 2004
NON-CASH TRANSACTIONS			
Issuance of common stock for purchase of Opexa	$23,750,000	$ --	$23,750,000
Issuance of common stock to Sportan shareholders	147,733	--	147,733
Issuance of common stock for University of Chicago license	427,075	--	427,075
Conversion of notes payable to common stock	248,370	--	248,370
Conversion of accounts payable to note payable	93,364	--	93,364
Discount on convertible notes relating to:			
- warrants	1,848,502	28,180	1,876,682
- beneficial conversion feature	855,849	28,180	884,029
- stock attached to notes	288,366	--	288,366

See accompanying summary of accounting policies and notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

PharmaFrontiers Corp. ("Pharma") was incorporated in Texas on January 22, 2003 as a biopharmaceutical company engaged in developing autologous personalized cell therapies. During the development stage, Pharma acquired the worldwide license to technology developed at Argonne National Laboratory, a U.S. Department of Energy Laboratory Operated by the University of Chicago ("Argonne"). This is an exclusive license to a stem cell technology in which adult pluripotent stem cells are derived from monocytes obtained from the patient's own blood. (the "License"). A patent application was filed in November 2003, with the United States Patent and Trade Office regarding the technology involved in the License.

On October 7, 2004 Pharma entered into an agreement to acquire all of the outstanding stock of Opexa Pharmaceuticals, Inc. ("Opexa"). The agreement closed on November 5, 2004. A total of 2,500,000 shares of Pharma's common stock were exchanged for all the outstanding stock of Opexa's of which 250,000 shares is held in escrow and the balance of 2,250,000 was issued to Opexa's shareholders in December 2004. The acquisition was accounted for under the purchase method, where all of Opexa's assets are restated to their fair market value on the acquisition date, which approximated book value. The 2,500,000 shares of Pharma were valued at $23,750,000 or $9.50 per share, which represents their current value at the time. See note 12 for details.

Opexa holds rights to technology to diagnose and treat multiple sclerosis through modified autoreactive T cells and is currently in FDA Phase I/II human dose ranging clinical trials to evaluate its safety and effectiveness in treating multiple sclerosis.

Basis of presentation. The consolidated financial statements include the accounts of Pharma and its wholly-owned subsidiary, Opexa. Significant inter-company accounts and transactions have been eliminated.

Reclassifications. Certain amounts in the 2003 consolidated financial statements have been reclassified to conform to the 2004 consolidated financial statement presentation.

Use of Estimates in Financial Statement Preparation. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents. For purposes of the statements of cash flows, cash equivalents include all highly liquid investments with original maturities of three months or less.

Long-lived Assets. Property and equipment are stated on the basis of historical cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Major renewals and improvements are capitalized, while minor replacements, maintenance and repairs are charged to current operations.

Impairment losses are recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount.

Income Taxes. Income tax expense is based on reported earnings before income taxes. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for consolidated financial reporting purposes and such amounts recognized for tax purposes, and are measured by applying enacted tax rates in effect in years in which the differences are expected to reverse.

Stock-Based Compensation. Pharma accounts for stock-based compensation under the intrinsic value method. Under this method, Pharma recognizes no compensation expense for stock options granted when the number of underlying shares is known and exercise price of the option is greater than or equal to the fair market value of the stock on the date of grant. The following table illustrates the effect on net loss and net loss per share if Pharma had applied the fair value provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation.

	2004	INCEPTION THROUGH 2003	INCEPTION THROUGH 2004
Net loss as reported	$(4,620,664)	$ (126,003)	$ (4,746,667)
Add: stock based compensation determined under intrinsic value-based method	123,333	--	123,333
Less: stock based compensation determined under fair value-based method	(153,364)	--	(153,364)
Pro forma net loss	$(4,650,695)	$ (126,003)	$(4,776,698)
Basic and diluted net loss per common share:			
As reported	$(.73)	N/A	N/A
Pro forma	$(.74)	N/A	N/A

The weighted average fair value of the stock options granted during 2004 was $3.09. Variables used in the Black-Scholes option-pricing model include
(1) 2% risk-free interest rate, (2) expected option life is the actual remaining life of the options as of each year end, (3) expected volatility is from 0.1% to 796.30% and (4) zero expected dividends.

Basic and diluted net loss per share calculations are presented in accordance with Financial Accounting Standards Statement 128, and are calculated on the basis of the weighted average number of common shares outstanding during the year. They include the dilutive effect of common stock equivalents in years with net income. Basic and diluted loss per share is the same due to the absence of common stock equivalents.

Research and development. Research and development expenses include salaries and related employee expenses and consulting fees, facility costs, and laboratory costs. All costs for research and development activities are expensed as incurred. Pharma expenses the costs of licenses of patents and the prosecution of patents until the issuance of such patents and the commercialization of related products is reasonably assured.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

In December 2004, the FASB issued SFAS No.123R, "Accounting for Stock-Based Compensation" SFAS No.123R establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This Statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No.123R requires that the fair value of such equity instruments be recognized as expense in the historical financial statements as services are performed. Prior to SFAS No.123R, only certain pro forma disclosures of fair value were required. SFAS No.123R shall be effective for small business issuers as of the beginning of the first interim or annual reporting period that begins after December 15, 2005. While Pharma has issued options to employees recently, the adoption of this new accounting pronouncement is not expected to have a material impact on the consolidated financial statements of Pharma during the calendar year 2006.

Pharma does not expect the adoption of any other recently issued accounting pronouncements to have a significant impact on their consolidated financial position, results of operations or cash flow.

NOTE 2 - GOING CONCERN

As shown in the accompanying consolidated financial statements, Pharma incurred recurring net losses of $4,620,664 and $126,003 in fiscal 2004 and 2003, respectively, has an accumulated deficit of $4,746,667 and a working capital deficit of $3,936,836 as of December 31, 2004. These conditions raise substantial doubt as to Pharma's ability to continue as a going concern. Management is trying to raise additional capital through sales of convertible debt and equity. The consolidated financial statements do not include any adjustments that might be necessary if Pharma is unable to continue as a going concern.

NOTE 3 - LICENSE AGREEMENT

In February 2004, Pharma entered into an agreement with the University of Chicago ("University") for the worldwide license to technology developed at Argonne National Laboratory, a U.S. Department of Energy Laboratory Operated by the University. In consideration for the license, Pharma paid the University $57,742 and agreed to issue 375,375 shares of its common stock. 187,688 shares valued at $75,075 were issued on February 20, 2004. In December 2004, the License Agreement was amended granting Pharma an exclusive, non-transferable worldwide license to the University's stem cell technology. In consideration for the amendment, Pharma paid the University an additional $175,000, issued the University 55,000 shares of common stock valued at $352,000, bringing the total ownership of Pharma by the University to 242,688 shares, agreed to pay the University $1,500,000 on the earlier of October 30, 2005 or upon the closing of a Pharma financing where proceeds are greater than $10 million and agreed to issue the University shares of Pharma common stock, including the shares already issued, equal to 2.6% of the total outstanding number of shares after conversion of the 15% exchangeable convertible subordinated promissory notes upon the later of the First financing or November 30, 2005 and after issuance of any and all equity in the form of stock at the close of the first Financing.

In June of 2004, Pharma paid $50,000 to The University of Texas MD Anderson Cancer Center for the option to negotiate a licensing agreement for the use of peripheral blood stem cells for cardiac regeneration. The option to negotiate the licensing agreement expired on September 21, 2004 and the non-refundable fee of $50,000 was written off at the end of the fourth quarter.

NOTE 4 - INTANGIBLE ASSETS

Intangible assets consisted of the following at December 31, 2004:

DESCRIPTION	LIFE	AMOUNT
University of Chicago license (see note 3).....	19 years	$ 3,051,706
Opexa intangible group (see note 12).....	16 years	23,991,128
		27,042,834
Less: accumulated amortization.....		(251,761)
		$26,791,073

Amortization expense totaled $251,761 and $0 in fiscal 2004 and 2003, respectively.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2004:

DESCRIPTION	LIFE	AMOUNT
Leasehold improvements.....	5 years	$ 29,795
Computer equipment.....	3 years	50,669
Office furniture and equipment.....	3-5 years	224,218
Laboratory equipment.....	5-10 years	221,620
		526,302
Less: accumulated depreciation.....		(184,318)
		$ 341,984

Depreciation expense totaled $13,058 and $0 in fiscal 2004 and 2003, respectively.

NOTE 6 - INCOME TAXES

Pharma uses the liability method, where deferred tax assets and liabilities are determined based on the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial and income tax reporting purposes. During fiscal 2004 and 2003, Pharma incurred net losses and, therefore, has no tax liability. The net deferred tax asset generated by the loss carry-forward has been fully reserved. The cumulative net operating loss carry-forward is approximately $3,000,000 at December 31, 2004, and will expire in the years 2023 through 2024.

At December 31, 2004, deferred tax assets consisted of the following:

Deferred tax assets	
Net operating losses.....	$ 1,020,000
Less: valuation allowance.....	(1,020,000)
Net deferred tax asset.....	$ --

NOTE 7 - THIRD PARTY CONVERTIBLE NOTES & STOCK PAYABLE TO NOTE HOLDERS

During 2004, Pharma issued convertible notes to investors totaling $3,227,975. A description of the notes is as follows:

o Maturity: The notes mature on November 30, 2005, at which time the principal amount of the notes will be mandatorily convertible into shares of common stock at the conversion price (as described below).

o Interest: Interest will accrue at a rate of 15% per annum. If Pharma completes an Equity Financing prior to November 30, 2005, interest will be converted to common stock using a conversion price of the weighted average gross offering price of Pharma's common stock or common stock equivalents issued in the Equity Financing. If no such Equity Financing occurs, the accrued interest is convertible at $3.00 per share.

o Mandatory Exchange: In the event Pharma raises $10,000,000 in one or a series of transactions by selling common stock or common stock equivalents prior to the maturity of the notes ("Equity Financing"), the principal amount of the notes will by automatically exchanged for the same type of securities issued in the Equity Financing. The exchange will occur upon the closing of the Equity Financing. The conversion price used for the mandatory exchange will be equal to the weighted average gross offering price of the common stock or common stock equivalents sold in the Equity Financing. Pharma will pay accrued interest on the closing date in cash or shares of common stock valued at the common stock offering price of the Equity Financing.

o Conversion and conversion price: In the event that there is no Equity Financing, the principal amount of the notes will automatically convert into common stock and Pharma will have the right to pay the accrued interest on notes in cash or with shares of common stock. The number of shares of common stock shall be determined by dividing the amount owed by $3.00. The conversion price may be adjusted from time to time upon the occurrence of certain specified events.

o Additional shares: For each $100,000 loaned to Pharma, 10,000 shares of common stock will be issued.

o Warrants: If the notes are mandatorily exchanged for Pharma securities, Pharma will issue investors one-year warrants. The number of warrants issued will be determined by dividing the aggregate principal amount of the notes by the exercise price. The exercise price of the warrants will be equal to 50% of the weighted average gross offering price of the common stock or common stock equivalents issued in the Equity Financing. If there is no Equity Financing prior to the maturity of the notes, Pharma will issue note holders warrants identical to those issued upon a mandatory exchange, except that the exercise price shall equal the conversion price.

The proceeds from the notes have been discounted for the relative fair value of the warrants, the stock, and beneficial conversion feature. All discounts will be amortized over the life of the notes. As of December 31, 2004, the stock has not been issued. A summary of the notes is as follows:

	NOTES PAYABLE	STOCK PAYABLE
Gross proceeds from notes	$ 3,227,975	$ --
Less: Relative fair value of:		
stock payable to note holders	(655,608)	655,608
warrants	(1,782,510)	--
beneficial conversion feature	(789,857)	--
amounts already issued	--	(288,365)
Add: amortization of discounts	608,221	--
Carrying amount of notes and stock on December 31, 2004	$ 608,221	$ 367,243

As of December 31, 2004, Pharma had only issued 161,000 of the 322,978 additional common shares due to note holders. The relative fair value of the remaining 161,978 shares totaled $367,243 and is accrued as of December 31, 2004.

NOTE 8 - NOTES PAYABLE TO

Notes payable to third parties consists of the following:

Note payable to a vendor for services; 12% interest; due in February 2005; unsecured	$ 58,614
Note payable to individual; interest of 12%; due on demand; unsecured	34,750
Note payable to the University of Chicago; no interest; due earlier of Pharma raising $10,000,000 in an Equity Financing or October 30, 2005; secured by license (see note 3 for details)	1,500,000
Stock payable to the University of Chicago equal to 2.6% of outstanding shares; no interest; due later of Pharma raising $10,000,000 in an Equity Financing or November 30, 2005; secured by license (see note 3 for details)	891,889
Total	$2,485,253

NOTE 9 - STOCK PURCHASE AGREEMENT

In June 2004, Pharma was acquired by Sportan United Industries, Inc. in a transaction accounted for as a reverse acquisition. Pharma's shareholders were issued 6,386,439 Sportan shares in exchange for 100 percent of the outstanding common shares of Pharma. Immediately following this transaction, Sportan changed its name to Pharma and 7,383,838 shares were outstanding.

NOTE 10 - EQUITY

In 2003, Pharma sold 5,250,000 shares of common stock for $1,000 in cash. On April 2, 2003, 1,706,250 shares were reacquired for $325 and canceled.

Additional contributions to capital of $56,360 resulted from the discounted value to notes payable due to warrants and beneficial conversion features attached to convertible notes issued in 2003.

During 2004, 22,500 shares of common stock were sold for $9,000 in cash.

During 2004, 2,065,000 shares of common stock valued at their then fair value of $849,000 were issued to Pharma's employees and consultants for their services.

In February 2004, 187,688 shares of common stock valued at their then fair value of $75,075 were issued to the University of Chicago per the terms of a license agreement. In December 2004, 55,000 shares of common stock valued at their then fair value of $352,500 were issued to the University of Chicago per the terms of an amended license agreement. See note 3 for details.

In June 2004, 997,399 shares of common stock were issued for net liabilities of $147,733 to Sportan's shareholders for the reverse merger with Sportan. See note 9 for details.

In November 2004, 2,500,000 shares of common stock valued at their then fair value of $23,750,000 were issued to 30 accredited investors in connection with the acquisition of Opexa Pharmaceuticals, of which 250,000 shares are subject to an escrow agreement. See note 12 for details.

In December 2004, 161,000 shares of common stock with a relative fair value of $288,366 were issued to note holders as their additional shares for their subscription investment in Pharma. See note 7 for details.

During 2004, 607,501 shares of common stock were issued to note holders for the conversion of $248,370 of principal and interest from convertible notes.

In November 2004, 80,000 shares of common stock were cancelled pursuant to the terms of an employment separation agreement.

Offering costs of $365,909 related to the convertible notes issued in 2004 that are mandatorily convertible were charged to additional paid in capital. Additional contributions to capital of $2,827,684 relating to the discounted value to notes payable from warrants and beneficial conversion features attached to convertible notes issued in 2004. See note 7 for details.

NOTE 11 - STOCK OPTION PLAN

In 2004 Pharma adopted the 2004 Stock Option Plan ("the Plan"). The Plan provides for the granting of stock options to employees and consultants of Pharma.

Options granted under the Plan may be either incentive stock options or nonqualified stock options. Incentive stock options ("ISO") may be granted only to Pharma employees (including officers and directors who are also employees). Nonqualified stock options ("NSO") may be granted to Pharma employees and consultants. The Board of Directors has discretion to determine the number, term, exercise price and vesting of all grants. 150,000 warrants were granted to investors related to the convertible notes in 2003. 1,165,000 options were granted to employees and consultants in 2004 and 1,427,993 warrants were granted to investors related to the convertible notes in 2004.

Summary information regarding options is as follows:

	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Year ended December 31, 2003:				
Granted	--	$ --	150,000	$ .10
Outstanding at December 31, 2003	--	--	150,000	.10
Year ended December 31, 2004:				
Granted	1,165,000	3.22	1,427,993	2.29
Outstanding at December 31, 2004	1,165,000	$ 3.22	1,577,993	$ 2.08

Options and warrants outstanding and exercisable as of December 31, 2004:

EXERCISE PRICE	REMAINING LIFE	OPTIONS OUTSTANDING	OPTIONS EXERCISABLE	WARRANTS OUTSTANDING	WARRANTS EXERCISABLE
$5.00	5 years	130,000	--	--	--
3.00	5 years	1,035,000	23,333	--	--
3.00	1 year	--	--	1,075,991	1,075,991
.10	1 year	--	--	502,002	502,002
		1,165,000	23,333	1,577,993	1,577,993

As of December 31, 2004, there were no options or warrants outstanding to purchase Opexa common stock.

NOTE 12 - PURCHASE OF OPEXA

On October 7, 2004 Pharma entered into an agreement to acquire all of the outstanding stock of Opexa. The agreement closed on November 5, 2004. Pharma issued Opexa shareholders 2,500,000 shares of Pharma's common stock for all of the outstanding stock of Opexa. 250,000 of the 2,500,000 shares were put in escrow. The acquisition was accounted for under the purchase method, where all of Opexa's assets are restated to their fair market value on the acquisition date, which approximated book value. The 2,500,000 shares of Pharma were valued at their then fair value of $23,750,000 or $9.50 per share.

Pharma acquired Opexa because Opexa holds rights to technology to diagnose and treat multiple sclerosis through modified autoreactive T cells and is currently in FDA Phase I/II human dose ranging clinical trials to evaluate its safety and effectiveness in treating multiple sclerosis.

The results of operations for Opexa from November 6, 2004 through December 31, 2004 are included in the Statement of Expenses and the Statement of Cash Flows.

The following table summarizes the estimated fair values of the assets acquired and the liabilities assumed at the date of acquisition:

Current assets	$ 55,387
Property, plant and equipment, net	639,160
Intangible assets	23,991,128
Total assets acquired	24,685,675
Current liabilities	935,675
Total liabilities assumed	935,675
Net assets acquired	$23,750,000

Of the $23,991,128 of acquired intangible assets, the full amount is assigned to an inseparable group of patents and licenses that cannot function independently by themselves. The weighted average useful life of the intangible group as of December 31, 2004 is approximately 16.5 years.

The following shows the pro forma results of operations as though the purchase of Opexa had been completed as of January 1, 2003:

	2004	INCEPTION THROUGH 2003
General and administrative	$ 4,289,023	$ 1,482,810
Research and development	2,383,780	1,408,904
Net operating loss	(6,672,803)	(2,891,714)
Interest income	11,649	21,406
Other income	28,008	602
Interest expense	(869,661)	(45,202)
NET LOSS	$ (7,502,807)	$ (2,914,908)
Basic and diluted loss per share	$(1.19)	N/A
Weighted average shares outstanding	6,309,145	N/A

NOTE 13 - BOARD OF DIRECTORS AGREEMENTS

In April and May of 2004, Pharma entered into agreements with four individuals that will comprise Pharma's Board of Directors. The agreements resulted in the authorization of 200,000 shares of common stock and compensation of $51,000 per year.

NOTE 14 - COMMITMENT AND CONTINGENCIES

In 2003 and part of 2004, Pharma's principal office was in the office of one of Pharma's shareholders pursuant to a verbal agreement on a rent-free month-to-month basis.

After purchasing Opexa, Pharma assumed an eighteen-month operating lease from Opexa for a research facility. The lease commenced in June 2003 and was due to expire in November 2004. Pharma extended the lease until March 31, 2005. Pharma has the option to exercise two 5 year renewals extending the lease to March 31, 2010 and if the second option is exercised, extending the lease to March 31, 2015. Basic rent expense charged to operations for fiscal 2004 and 2003 was $14,234 and $0 respectively.

Future minimum lease payments under the non-cancelable operating lease are $21,351 for 2005 and none thereafter.

NOTE 15 - SUBSEQUENT EVENTS

On February 14, 2005 Pharma completed the second traunch of a private offering of 15% convertible promissory notes (the "notes") and issued notes with an aggregate principal amount of $6.1 million. The notes are mandatorily exchangeable for common stock at the earlier of an "Equity Financing" (as defined below) or upon maturity on November 30, 2005. The notes and accrued interest are convertible at a conversion price equal to the weighted average gross offering price of the common stock or common stock equivalents issued in an Equity Financing. If no such Equity Financing occurs, the notes and accrued interest are convertible at $3.00 per share on November 30, 2005. An "Equity Financing" is defined as Pharma raising at least $10,000,000 in one or a series of transactions of common stock or common stock equivalents prior to the maturity of the notes. As additional consideration for the purchase of notes, Pharma issued to investors an aggregate of 612,468 shares of common stock and, upon the earlier of an Equity Financing or maturity of the notes, each investor will receive a one-year warrant to purchase shares of common stock. Each warrant will be exercisable for that number of shares of common stock equal to the principal amount of the note divided by the warrant's exercise price. The warrant's exercise price will be equal to 50% of the weighted average gross offering price of equity issued in an Equity Financing or, if there is no Equity Financing, $3.00 per share.

[GRAPHIC OMITTED]

PHARMAFRONTIERS CORP.

COMMON STOCK

PROSPECTUS

AUGUST 11, 2005
