UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K/A

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):
August 31, 2004

PDI, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

DELAWARE	0-24249	22-2919486
(STATE OR OTHER JURISDICTION OF INCORPORATION)	(COMMISSION FILE NUMBER)	(IRS EMPLOYER IDENTIFICATION NO.)

Saddle River Executive Centre
1 Route 17 South
Saddle River, NJ 07458

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (201) 258-8450

- --

Item 2.01. Acquisition or Disposition of Assets.

As previously reported on its Current Report on Form 8-K filed with the Securities and Exchange Commission on August 31, 2004, on August 31, 2004, PDI, Inc. completed its acquisition of the assets of Pharmakon, LLC (Pharmakon), a healthcare communications company focused on the marketing of ethical pharmaceutical and biotechnology products, located in Schaumburg, Illinois. The transaction was made pursuant to a definitive agreement, dated August 26, 2004 (the Asset Purchase Agreement), among the Company, its wholly-owned subsidiary InServe Support Solutions, Pharmakon and Steve Agnoff, Stuart Cass, Robert Clements and James Berardi, the owners of 100% of the outstanding and issued equity interests of Pharmakon (each, a Member and, collectively, the Members and, together with Pharmakon, the Sellers). The transaction is an asset acquisition for tax purposes. Prior to the execution of the Asset Purchase Agreement, there were no material relationships between the Company and the Sellers.

Pursuant to the Asset Purchase Agreement, the Company acquired substantially all of Pharmakon's assets, including, without limitation, its contracts, agreements, license agreements, tangible personal property, books and records, accounts receivables, intangible assets and intellectual property.

Under the terms of the Asset Purchase Agreement, Pharmakon received $27,383,195 in cash, after certain closing adjustments, upon closing of the transaction with the possibility of earning up to an additional $10 million in cash based upon achievement of certain annual profit targets by Pharmakon through December 2006.

Item 9.01. Financial Statements and Exhibits

This Form 8-K/A amends the current report on Form 8-K dated August 31, 2004 to include Item 9.01 (a) Financial Statements of Business Acquired and Item 9.01 (b) Pro Forma Financial Information

(a) Financial Statements of Business Acquired

Report of Independent Registered Public Accounting Firm

The following historical financial statements of Pharmakon are included in this report:

Balance sheets as of June 30, 2004 (unaudited) and December 31, 2003

Statements of income and members' equity for the six months ended June 30, 2004 and 2003 (unaudited) and the year ended December 31, 2003

Statements of cash flows for the six months ended June 30, 2004 and 2003 (unaudited) and the year ended December 31, 2003

(b) Pro Forma Financial Information

The following unaudited pro forma combined financial statements giving effect to the registrant's acquisition of Pharmakon completed August 31, 2004 are included in this report:

Pro forma combined balance sheet as of June 30, 2004

Pro forma combined statement of operations for the six months ended June 30, 2004 and the year ended December 31, 2003

Notes to unaudited pro forma combined financial information

(c) Exhibits

23.1 Consent from Mayer Hoffman McCann P.C.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members

PHARMAKON, LLC

We have audited the accompanying balance sheet of Pharmakon, LLC as of December 31, 2003, and the related statements of income and members' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pharmakon, LLC as of December 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 15 to the financial statements, the Company restated its 2003 financial statements during 2004 to reflect pass-through income and expenses as gross amounts, in conformity with U.S. generally accepted accounting principles. The effect of the restatement increased net sales and cost of goods sold by $2,027,844. The restatement has no effect on gross profit or net income.

/s/ MAYER HOFFMAN McCANN P.C.
- ------------------------------
MAYER HOFFMAN McCANN P.C.

Chicago, Illinois
October 28, 2004

PHARMAKON, LLC
BALANCE SHEETS
AS OF JUNE 30, 2004 (UNAUDITED) AND DECEMBER 31, 2003

	June 30, 2004 (unaudited)	December 31, 2003
ASSETS		
Current assets:		
Cash	$ 1,706,245	$ 326,744
Accounts receivable	1,500,771	3,908,403
Other current assets	57,485	23,535
Total current assets	3,264,501	4,258,682
Fixed assets, at cost, less accumulated depreciation	73,752	80,772
Other assets		
Security deposit	--	12,784
Goodwill	7,911,254	7,911,254
Total assets	$11,249,507	$12,263,492
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of note payable	$ 294,664	$ 580,641
Accounts payable	292,229	628,830
Accrued expenses	643,602	443,648
Honoraria payable	795,667	935,180
Deferred revenue	2,995,329	3,817,299
Total current liabilities	5,021,491	6,405,598
Long-term liabilities		
Total long-term liabilities	--	--
Total liabilities	5,021,491	6,405,598
MEMBERS' EQUITY		
Members' equity	$ 6,228,016	$ 5,857,894
Total liabilities & members' equity	$11,249,507	$12,263,492

See accompanying notes to the financial statements

<TABLE>
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PHARMAKON, LLC

STATEMENTS OF INCOME AND MEMBERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2003 (UNAUDITED)

AND FOR THE YEAR ENDED DECEMBER 31, 2003

<S>	Six months ended June 30, 2004 (unaudited) <C>	Six months ended June 30, 2003 (unaudited) <C>	Year ended December 31, 2003 <C>
Net sales	$ 10,927,073	$ 7,250,500	$ 17,155,843
Cost of goods sold	5,867,612	4,186,442	9,588,269
Gross profit	5,059,461	3,064,058	7,567,574
Total operating expenses	1,780,680	1,636,460	3,083,934
Operating income	3,278,781	1,427,598	4,483,640
Other expenses	8,659	33,886	349,111
Net income	$ 3,270,122	$ 1,393,713	$ 4,134,529
Members' equity, beginning of period	5,857,894	2,923,365	2,923,365
Members' capital distributions	(2,900,000)	--	(1,200,000)
Total members' equity	$ 6,228,016	$ 4,317,078	$ 5,857,894

</TABLE>

See accompanying notes to the financial statements

PHARMAKON, LLC
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2003 (UNAUDITED)
AND FOR THE YEAR ENDED DECEMBER 31, 2003

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<S>	Six months ended June 30, 2004 (unaudited) <C>	Six months ended June 30, 2003 (unaudited) <C>	Year ended December 31, 2003 <C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 3,270,122	$ 1,393,712	$ 4,134,529
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation	15,356	14,343	29,587
Loss on disposition of fixed assets	--	9,288	13,134
Deferred noncompete fee	--	--	(69,048)
Decrease (increase) in operating assets:			
Accounts receivable	2,407,982	1,223,678	(231,576)
Other current assets	(21,516)	18,661	30,570

Increase (decrease) in operating liabilities:			
Accounts payable	(336,601)	(235,333)	195,276
Accrued expenses	199,954	36,130	(78,587)
Honoraria payable	(139,513)	(41,924)	(66,079)
Deferred revenue	(821,971)	(75,305)	(657,184)
NET CASH FLOWS FROM OPERATING ACTIVITIES	4,573,813	2,343,250	3,300,622
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposition of fixed assets	--		400
Investment in fixed assets	(8,335)	(20,145)	(31,947)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(8,335)	(20,145)	(31,547)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loan	--	--	5,901,000
Repayment of bank loan	--	(1,271,566)	(7,172,566)
Prinicipal reduction of note payable	(285,977)	(269,363)	(546,909)
Members' capital distributions	(2,900,000)	--	(1,200,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(3,185,977)	(1,540,929)	(3,018,475)
NET INCREASE IN CASH	1,379,501	782,176	250,600
CASH, BEGINNING OF PERIOD	326,744	76,144	76,144
CASH, END OF PERIOD	$ 1,706,245	$ 858,320	$ 326,744

</TABLE>

See accompanying notes to the financial statements

PHARMAKON, LLC

NOTES TO THE FINANCIAL STATEMENTS

(1) SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION - Pharmakon, LLC (the "Company") was organized as a limited liability company under the laws of Illinois and will terminate on December 31, 2025. Under this form of organization, members are not liable for the debts of the Company. The Company also operates under different assumed names including C. Beck, LLC, Group Dynamics, LLC, ShareCom, LLC and VistaCom, LLC.

On February 23, 2000, the Company purchased the assets of C. Beck & Associates, Inc. and related companies in exchange for assuming all of the outstanding operating liabilities and bank indebtedness.

As discussed in Note 16, substantially all of the Company's assets were sold on August 31, 2004.

NATURE OF OPERATIONS - The Company is a health care communications business that specializes in promoting pharmaceutical products to various health care audiences including physicians, nurses, physician assistants, nurse practitioners and pharmacists in the United States and Canada.

Within the health care industry, the Company's promotional activities are classified as peer-to-peer and are executed primarily in the form of teleconferences and dinner meetings.

FIXED ASSETS - Fixed assets are recorded at cost. Depreciation on fixed assets, which consist primarily of furniture, fixtures and equipment is computed using the straight-line method over the useful lives of the assets.

INCOME TAXES - The Company is treated as a partnership for Federal tax purposes, and, as such, the Company is not liable for Federal income taxes. The members report their respective share of the Company's income on their individual tax returns. The Company remains liable for Illinois replacement tax.

GOODWILL - Goodwill represents the excess of purchase price over the fair value of net assets acquired. In accordance with Financial Accounting Standards Board Pronouncement 142, "Goodwill and Other Intangible Assets," goodwill is not amortized but is tested for impairment annually.

The Company reviewed goodwill for impairment by comparing the carrying value of the assets including goodwill to the estimated fair value. Management concluded that goodwill is not impaired. The carrying value of goodwill is $7,911,254 at each of June 30, 2004 and December 31, 2003.

ACCOUNTS RECEIVABLE - The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. No allowance for doubtful accounts was deemed necessary at June 30, 2004 or December 31, 2003. A receivable is considered past due if payments have not been received by the Company for 90 days.

USE OF ESTIMATES - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PASS-THROUGH ACTIVITY - The Company incurs pass-through expenses such as speaker fees and related travel costs that are then billed to customers and treated as pass-through income. The amount of pass-through activity amounted to $754,504 (unaudited), $681,098 (unaudited) and $2,027,844 for the six months ended June 30, 2004 and 2003 and the year ended December 31, 2003, respectively.

(2) FIXED ASSETS

	As of June 30, 2004	As of December 31, 2003
Furniture and fixtures	$ 49,793	$ 49,793
Equipment	121,857	113,521
	--------	--------
Total	171,650	163,314
Accumulated Depreciation	97,898	82,542
	--------	--------
Net fixed assets	$ 73,752	$ 80,772
	========	========

The total depreciation expense charged to operations for the six months ended June 30, 2004 and 2003 and the year ended December 31, 2003 was $15,356, (unaudited), $14,343 (unaudited) and $29,587, respectively.

(3) HONORARIA PAYABLE

Program participants customarily receive merchandise honoraria certificates redeemable for health care-related products as compensation for attending the Company's programs. The certificates are redeemed directly by the merchandise provider, who in turn invoices the

Company as certificates are presented. During 2003, the Company changed its redemption period from two years to one year. Included in honoraria payable is an estimated liability associated with unredeemed merchandise certificates of $778,657 (unaudited) and $930,430 as of June 30, 2004 and December 31, 2003, respectively.

(4) DEFERRED REVENUE

Deferred revenue represents billings for programs to be held in the future. The Company recognizes these amounts as revenue once the related program occurs. Included in deferred revenue and accounts receivable is $1,078,041 (unaudited) and $2,215,670 representing uncollected prebillings as of June 30, 2004 and December 31, 2003, respectively.

(5) BANK LOAN PAYABLE

On October 17, 2000, the Company entered into a revolving loan agreement with LaSalle National Bank for a maximum borrowing of $2,750,000. The agreement was amended effective June 15, 2003, to decrease the maximum borrowing amount to $2,250,000 and to increase the interest rate from the prime rate (4.00% as of December 31, 2003) to the prime rate plus .75%. The note requires monthly payments of interest only and matures on June 15, 2005. The individual members have personally guaranteed the entire principal balance and have pledged their membership interests in the Company as collateral. The loan contains restrictive covenants relating to financial ratios and is secured by all of the Company's assets. There was no outstanding balance as of June 30, 2004 or December 31, 2003. During the six months ended June 30, 2003 and the year ended December 31, 2003, the Company incurred interest expense of $3,406 (unaudited)

and $3,441, respectively, related to this loan. There was no interest expense incurred during the six months ended June 30, 2004.

(6) NOTE PAYABLE

On October 19, 2000, the Company issued a promissory note to an honoraria vendor in the original principal amount of $2,127,897. The note bears interest at 6% per annum, requires monthly payments of principal and interest of $49,974, and matures on December 1, 2004. The outstanding balance at June 30, 2004 and December 31, 2003, is $294,664 and $580,641, respectively. During the six months ended June 30, 2004 and 2003, and the year ended December 31, 2003, the Company incurred interest expense of $13,865 (unaudited), $30,479 (unaudited) and $52,776, respectively related to this note.

(7) LEASE AGREEMENTS

On April 1, 2000, the Company entered into a three-year lease for office space in Schaumburg, Illinois. The lease required monthly base rent of $17,241, provided for base rent increases of approximately 3% per annum, and required as additional rent the tenants' proportionate share of the landlord's operating expenses and real estate taxes over a base year amount. This lease terminated March 31, 2003.

In December 2002, the Company entered into a sublease agreement for new office space in Schaumburg, Illinois, which commenced on January 1, 2003, and expires on February 27, 2005, and requires monthly base rent of $6,392.

Future minimum base rent is as follows:

Years ending December 31,

2004	$76,705

2005	12,784

Total	$89,489
	=======

Rent expense charged to operations under these leases was $41,460 (unaudited), $97,828 (unaudited) and $132,946 for the six months ended June 30, 2004 and 2003 and the year ended December 31, 2003, respectively.

(8) EMPLOYEE BENEFIT PLAN

The Company has adopted a 401(k) plan that covers all of its employees. Participants can make contributions of up to 15% of their compensation and are 100% vested immediately. At the discretion of the board of directors, the Company may elect to make matching contributions of up to 6% of compensation. The Company made a matching contribution of $20,371 (unaudited), $20,777 (unaudited) and $41,487 for the six months ended June 30, 2004 and 2003 and the year ended December 31, 2003.

(9) NONCOMPETE AGREEMENT

The Company entered into a noncompete agreement with the owner of the predecessor companies of the Company through December 31, 2008, requiring monthly payments at varying amounts totaling $2,225,000 over the term of the agreement. The cost of this agreement is being recognized on a straight-line basis over the term of the agreement. Included in accrued expenses as of June 30, 2004 and December

31, 2003, was $193,214 (unaudited) and $217,738, representing the excess of the amount expensed to-date over the actual payments made. In 2003, the Company made a $20,000 payment as part of an agreement to decrease the final payments in 2008 by $40,000. On August 31, 2004, the noncompete agreement was terminated with a lump-sum payment of $950,000 in lieu of the remaining scheduled payments.

(10) EMPLOYMENT AGREEMENTS

On February 16, 2000, the Company entered into five-year employment agreements with two key employees that provide for a base salary and additional compensation based on a portion of the net proceeds upon sale of the Company. Total compensation under these employment agreements amounted to $208,756 (unaudited), $206,327 (unaudited) and $485,639, respectively, for the six months ended June 30, 2004 and 2003 and the year ended December 31, 2003.

(11) RELATED PARTY TRANSACTIONS

The Company engages a company owned by the former managing member to recruit program participants. Included in recruiting costs for the six months ended June 30, 2004 and 2003 and the year ended December 31, 2003 is $1,842,492 (unaudited), $1,603,431 (unaudited) and $3,131,961, respectively, of costs incurred to this related company, of which $40,313 (unaudited) and $52,949 is included in accounts payable as of June 30, 2004 and December 31, 2003, respectively.

(12) BUSINESS CONCENTRATION

Net sales to the Company's largest customers, who each accounted for more than 10% of sales, aggregated to 81% (5 customers) (unaudited), 81% (3 customers) (unaudited) and 66% (3 customers) of net sales for the six months ended June 30, 2004 and 2003 and the year ended December 31, 2003. Accounts receivable from these customers totaled 91% and 66% of the accounts receivable balance at June 30, 2004 and December 31, 2003, respectively.

(13) CONCENTRATION OF CREDIT RISK

The Company's cash is potentially exposed to concentration of credit risk. However, the Company's cash is placed with a major financial institution, which limits the Company's exposure.

(14) CASH FLOW DISCLOSURES

The following is a summary of supplemental cash flow information for the year ended December 31, 2003:

Cash paid:	
Interest	$ 60,680
Income taxes (Illinois replacement tax)	$ 17,094

During the six months ended June 30, 2003 and the year ended December 31, 2003, the Company wrote off leasehold improvements with an original cost of $111,758 and accumulated amortization of $102,470. During the six months ended June 30, 2003 and the year ended December 31, 2003, the Company sold equipment with an original cost of $15,251 and accumulated depreciation of $11,005.

(15) RESTATEMENT

The accompanying financial statements have been restated to reflect the gross up of pass-through income and expenses. The effect of the restatement increased net sales and cost of goods sold by $754,504 (unaudited), $681,098 (unaudited) and $2,027,844, respectively, for the six months ended June 30, 2004 and 2003 and the year ended December 31, 2004. The restatement has no effect on gross profit or net income.

(16) SUBSEQUENT EVENTS

On August 31, 2004, the assets of the Company were sold for an amount in excess of book value.

The noncompete agreement described in Note 9 was terminated on August 31, 2004, with a lump-sum payment of $950,000 in lieu of the remaining scheduled payments.

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

On August 31, 2004, PDI, Inc. acquired substantially all of the assets of Pharmakon in a cash transaction. The transaction was made pursuant to a definitive agreement, dated August 26, 2004 (the "Asset Purchase Agreement"), among the Company, its wholly-owned subsidiary InServe Support Solutions, Pharmakon and Steve Agnoff, Stuart Cass, Robert Clements and James Berardi, the owners of 100% of the outstanding and issued equity interests of Pharmakon (each, a "Member" and, collectively, the "Members" and, together with Pharmakon, the "Sellers"). Prior to the execution of the Asset Purchase Agreement, there were no material relationships between the Company and the Sellers. Under the terms of the Asset Purchase Agreement, Pharmakon received $27,383,195 in cash, after certain closing adjustments, upon closing of the transaction with the possibility of earning up to an additional $10 million in cash based upon achievement of certain annual profit targets by Pharmakon through December 2006. The results of operations and financial condition of Pharmakon have been included in the PDI, Inc. historical financial statements since the August 31, 2004 acquisition date.

The unaudited pro forma combined financial information gives effect to the acquisition of Pharmakon by PDI, Inc. as if the acquisition had occurred as of the beginning of the periods presented for purposes of the pro forma combined statements of operations.

The unaudited pro forma combined financial information should be read in conjunction with the historical consolidated financial statements and accompanying notes of PDI, Inc., which are included in its 2003 Annual Report on Form 10-K/A, and Pharmakon, which are included elsewhere in this document. The unaudited pro forma combined financial information is not intended to represent or be indicative of the consolidated results of operations or financial condition of PDI, Inc. that would have been reported had the transactions been completed as of the dates presented, and should not be taken as representative of the future consolidated results of operations or financial condition of PDI, Inc.

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PDI, INC.
PRO FORMA COMBINED BALANCE SHEET
AS OF JUNE 30, 2004

(unaudited)	PDI, Inc.	Pro Forma Pharmakon	Pro Forma Adjustment	Combined
	(in thousands, except for share data)			
ASSETS				
<S>	<C>	<C>	<C>	<C> <C>
CURRENT ASSETS:				
Cash & cash equivalents	$ 91,545	$ 1,706	$ (1,706) (1) (27,025) (2)	$ 64,520
Short-term investments	33,795	--	--	33,795
Accounts receivable, net	30,848	1,501	--	32,349
Unbilled cost & accrued profits contracts in progress	4,991	--	--	4,991
Deferred training and other program costs	3,037	--	--	3,037
Other current assets	11,831	57	1,500 (3)	13,388
Deferred tax asset	6,834	--	--	6,834
TOTAL CURRENT ASSETS	182,881	3,264	(27,231)	158,914
Net property and equipment	16,892	74	--	16,966
Deferred tax asset	7,304	--	--	7,304
Goodwill	11,132	7,911	2,585 (2)	21,628
Other intangible assets	1,341	--	18,940 (2)	20,281
Other long-term assets	3,830	--	--	3,830
TOTAL ASSETS	$ 223,380	$ 11,249	$ (5,706)	$ 228,923
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Accounts payable	$ 5,162	$ 292	$ 1,010 (2)	$ 6,464
Accrued returns	11,382	--	--	11,382
Accrued incentives	14,050	--	--	14,050
Accrued salaries and wages	9,203	--	--	9,203
Unearned contract revenue	15,397	2,995	--	18,392
Restructuring accrual	444	--	--	444
Current portion of long-term debt	--	295	(295) (1)	--
Income taxes and other accrued expenses	14,294	1,439	(193) (1)	15,540
TOTAL CURRENT LIABILITIES	69,932	5,021	522	75,475
LONG-TERM LIABILITIES				
Deferred tax liability	--	--	--	--
TOTAL LONG-TERM LIABILITIES	--	--	--	--
TOTAL LIABILITIES	69,932	5,021	522	75,475

	PDI	Pharmakon	Pro Forma Adjustments	Pro Forma Combined
Commitments and Contingencies				
STOCKHOLDERS' EQUITY:				
Common stock, $.01 par value; 100,000,000 shares authorized; shares issued and outstanding, June 30, 2004 - 14,619,271; restricted; $.01 par value; shares issued and outstanding; June 30, 2004 - 161,115	$ 148	$ --	$ --	$ 148
Preferred stock, $.01 par value; 5,000,000 shares authorized, no shares issued and outstanding	--	--	--	--
Members' equity	--	6,228	(1,218) (1) (5,010) (2)	--
Additional paid-in capital (includes restricted of $4,955 as of June 30, 2004	115,421	--	--	115,421
Retained earnings	40,523	--	--	40,523
Accumulated other comprehensive income	58	--	--	58
Unamortized compensation costs	(2,592)	--	--	(2,592)
Treasury stock, at cost: 5,000 shares at June 30, 2004	(110)	--	--	(110)
TOTAL STOCKHOLDERS' EQUITY	$ 153,448	$ 6,228	$ (6,228)	$ 153,448
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 223,380	$ 11,249	$ (5,706)	$ 228,923

</TABLE>

See accompanying notes to Pro Forma Combined financial statements

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PHARMAKON, LLC
PRO FORMA COMBINED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2003

(Unaudited)	Year Ended December 31, 2003			
	PDI	Pharmakon	Pro Forma Adjustments	Pro Forma Combined
	(in thousands, except per share data)			
<S>	<C>	<C>	<C>	<C>
Revenue				
Service	$ 356,143	$ 17,157	$ --	$ 373,300
Product, net	(11,613)	--	--	(11,613)
Total revenue	344,530	17,157	--	361,687
Cost of goods and services				
Program expenses (including related party amounts of $983 for the year ended December 31, 2003)	254,162	9,588	--	263,750
Cost of goods sold	1,287	--	--	1,287
Total cost of goods and services	255,449	9,588	--	265,037
Gross profit	89,081	7,569	--	96,650
Compensation expense	36,901	2,519	--	39,420
Other selling, general and administrative expenses	30,347	859	1,281 (4)	32,487
Restructuring and other related expenses	143	--	--	143
Litigation settlement	2,100	--	--	2,100
Total operating expenses	69,491	3,378	1,281	74,150
Operating income	19,590	4,191	(1,281)	22,500
Other income, net	1,073	(56)	(353) (6)	664
Income before provision for taxes	20,663	4,135	(1,634)	23,164
Provision for income taxes	8,405	--	1,017	9,422
Net income	$ 12,258	$ 4,135	$ (2,651)	$ 13,742
Basic net income per share	$ 0.86		$ 0.11	$ 0.97

Diluted net income per share	$ 0.85	$ 0.10	$ 0.95
Basic weighted average number of shares outstanding	14,231		14,231
Diluted weighted average number of shares outstanding	14,431		14,431

</TABLE>

See accompanying notes to Pro Forma Combined financial statements

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PHARMAKON, LLC
PRO FORMA COMBINED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2004 (UNAUDITED)

(Unaudited)	Six Months Ended June 30, 2004			
	PDI	Pharmakon	Pro Forma Adjustments	Pro Forma Combined
	(in thousands, except per share data)			
<S>	<C>	<C>	<C>	<C>
Revenue				
Service	$ 85,066	$ 10,927	$ --	$ 195,993
Product, net	(1,030)	--	--	(1,030)
Total revenue	184,036	10,927	--	194,963
Cost of goods and services				
Program expenses	135,471	5,868	--	141,339
Cost of goods sold	233	--	--	233
Total cost of goods and services	135,704	5,868	--	141,572
Gross profit	48,332	5,059	--	53,391
Compensation expense	18,140	1,299	--	19,439
Other selling, general and administrative expenses	12,148	482	641 (5)	13,271
Restructuring and other related expenses	--	--	--	-
Litigation settlement	--	--	--	-
Total operating expenses	0,288	1,781	641	32,710
Operating income	18,044	3,278	(641)	20,681
Other income, net	631	(8)	(189) (6)	434
Income before provision for taxes	18,675	3,270	(830)	21,115
Provision for income taxes	7,657	--	1,000	8,657
Net income	$ 11,018	$ 3,270	$ (1,830)	$ 12,458
Basic net income per share	$ 0.76		$ 0.10	$ 0.86
Diluted net income per share	$ 0.74		$ 0.10	$ 0.84
Basic weighted average number of shares outstanding	14,497			14,497
Diluted weighted average number of shares outstanding	14,843			14,843

</TABLE>

See accompanying notes to Pro Forma Combined financial statements

PDI, INC.

Notes to Unaudited Pro Forma Combined Financial Statements

[A] Basis of Presentation

The accompanying pro forma combined balance sheet and statements of operations reflect the pro forma effect of the acquisition (the Acquisition) of substantially all of the assets of Pharmakon which occurred on August 31, 2004. The transaction was made pursuant to a definitive agreement, dated August 26, 2004 (the Asset Purchase Agreement), among the Company, its wholly-owned subsidiary InServe Support Solutions, Pharmakon and Steve Agnoff, Stuart Cass, Robert Clements and James Berardi, the owners of 100% of the outstanding and issued equity interests of Pharmakon (each, a Member and, collectively, the Members and, together with Pharmakon, the Sellers). Prior to the execution of the Asset Purchase Agreement, there were no material relationships between the Company and the Sellers.

Pursuant to the Asset Purchase Agreement, the Company acquired substantially all of Pharmakon's assets, including, without limitation, its contracts, agreements, license agreements, tangible personal property, books and records, accounts receivables, intangible assets and intellectual property.

In accordance with the Asset Purchase Agreement, Pharmakon received $27,383,195 in cash, after certain closing adjustments, upon closing of the transaction with the possibility of earning up to an additional $10 million in cash based upon achievement of certain annual profit targets by Pharmakon through December 2006.

The pro forma combined balance sheet assumes that the Acquisition occurred on June 30, 2004. The pro forma combined statement of operations for the six months ended June 30, 2004 and the year ended December 31, 2003 assumes that the Acquisition occurred on January 1, 2004 and January 1, 2003, respectively. The pro forma combined financial statements for the year ended December 31, 2003 included the audited consolidated financial statements of PDI, Inc. as of December 31, 2003 and for the year then ended, which are included in its 2003 Annual Report on Form 10-K/A and the audited financial statements of Pharmakon, LLC as of December 31, 2003 and for the year then ended. The pro forma combined financial statements for the six months ended June 30, 2004 were prepared based on the interim unaudited consolidated financial statements of PDI, Inc. as of June 30, 2004 and for the six months then ended, which are included in its Report on Form 10-Q/A and the interim unaudited financial statements of Pharmakon, LLC as of June 30, 2004 and for the six months then ended. The accompanying pro forma combined balance sheet and statement of operations should be read in conjunction with the historical financial statements and related notes contained in the Company's 2003 Annual Report on Form 10-K/A.

These pro forma combined financial statements are provided for illustrative purposes only. Reliance should not be placed on these pro forma combined financial statements since they are not necessarily indicative of the financial position or the results of operations that would have been obtained if the Acquisition had occurred on the dates assumed or to project the results of operations for any future period or the financial condition at any future date.

[B] Pro Forma Combined Balance Sheet:

(1) Certain assets and liabilities were retained by the Members as a condition of the Asset Purchase Agreement. The Members retained all cash in the bank at closing (leaving a balance to clear outstanding checks). The Members also retained the outstanding current debt of Pharmakon and an accrued expense of $193.

(2) To give effect to the acquisition by the Company of Pharmakon including (a) the payment of cash of $27,025, (b) the accrual of direct closing costs of $1,010, (c) the elimination of Pharmakon's members'equity of $5,010 and previous goodwill of $7,911, and (e) the preliminary allocation of the purchase price over the estimated fair values of the assets and liabilities acquired to identifiable intangibles of $18,800, (primarily customer relationships and corporate trade names), covenant not-to-compete of $140, and goodwill of $10,496.

(3) Included in the cash paid for the Acquisition is $1,500, which is required to be placed in escrow and paid out in future periods upon the Company's approval of Pharmakon's final working capital deficiency statement as of the date of closing. The Company has 90 days from the closing date of the acquisition to determine that the final working capital deficiency statement is

accurate. Any resulting adjustments would affect goodwill.

[C] Pro Forma Combined Statement of Operations:

The pro forma combined statements of operation for the six months ended June 30, 2004 and the year ended December 31, 2003 reflect the Acquisition as though it had occurred at the beginning of each of the respective periods and reflects the following adjustments:

(4) To reflect amortization for the year ended December 31, 2003 relating to identified intangible assets of $18,800 based on an estimated useful life of 15 years and a covenant not-to-compete of $140 with an estimated useful life of 5 years.

(5) To reflect amortization for the six months ended June 30, 2004 relating to identified intangible assets of $18,800 based on an estimated useful life of 15 years and a covenant not-to-compete of $140 with an estimated useful life of 5 years.

(6) To reflect the net adjustment of the following:

(a) The estimated interest income of $203 and $405 that would have been forgone by the Company for the six months ended June 30, 2004 and the year ended December 31, 2003, respectively, had the acquisition occurred at the beginning of each period; net of

(b) The estimated interest expense of $14 and $53 that would not have been incurred by Pharmakon for the six months ended June 30, 2004 and the year ended December 31, 2003, respectively, had the acquisition occurred at the beginning of each period.

(7) Reflects applicable income tax effect of the above adjustments and records tax expense on Pharmakon's income before provision for income taxes as Pharmakon had previously been an LLC and therefore, was not required to pay income taxes.

Signatures

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

Date: November 15, 2004

PDI, INC.
(Registrant)

By: /s/ Charles T. Saldarini

Charles T. Saldarini
Chief Executive Officer

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-61231 and 333-60512) of PDI, Inc. of our report dated October 28, 2004, relating to the financial statements of Pharmakon, LLC, which report appears in the Form 8-K/A of PDI, Inc. dated November 15, 2004.

/s/ MAYER HOFFMAN MCCANN P.C.

MAYER HOFFMAN McCANN P.C.
Chicago, Illinois
November 15, 2004