INFORTE CORP
Form 8-K/A
May 10, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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): March 12, 2004

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

Delaware	000-29239	36-3909334
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identification No.)

150 North Michigan Avenue, Suite 3400
Chicago, Illinois 60601
(Address of principal executive offices) (Zip Code)

Registrant's telephone number including area code: (312) 540-0900

(Former name or former address, if changed since last report)

The Registrant's current report on Form 8-K dated March 12, 2004, is hereby amended to add Item 7 below.

Item 7. Financial Statements and Exhibits

(a) Financial statement of business acquired.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Compendit, Inc.

We have audited the accompanying consolidated balance sheets of Compendit, Inc. (a Delaware corporation) and Subsidiary as of December 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Compendit, Inc. and Subsidiary as of December 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Grant Thornton LLP

Chicago, Illinois
February 26, 2004, except for Note K,
which is dated March 12, 2004.

Compendit, Inc. and Subsidiary
CONSOLIDATED BALANCE SHEETS
December 31,

ASSETS	2003
CURRENT ASSETS	
Cash	$ 1,849,606
Accounts receivable	1,645,431
Investments	-
Employee advances	23,588
Deferred tax asset	18,962
Prepaid expenses	215,440
Total current assets	3,753,027
PROPERTY AND EQUIPMENT, less accumulated depreciation of $224,341 and $155,308 in 2003 and 2002, respectively	179,430
OTHER ASSETS	
Deposits	17,604

Other	94
Total other assets	17,698
TOTAL ASSETS	$ 3,950,155

Compendit, Inc. and Subsidiary
CONSOLIDATED BALANCE SHEETS - CONTINUED
December 31,

LIABILITIES AND SHAREHOLDERS' EQUITY	2003
CURRENT LIABILITIES	
Accounts payable - trade	$ 202,620
Customer advanced deposits	81,395
Accrued income taxes	415,225
Accrued expenses	638,934
Total current liabilities	1,338,174
DEFERRED INCOME TAXES	42,256
SHAREHOLDERS' EQUITY	
Capital stock, common, $.001 par value; 10,000,000 shares authorized; 7,368,333 and 7,235,000 shares issued; 7,278,333 and 7,145,000 shares outstanding at December 31, 2003 and 2002, respectively	7,368
Additional paid-in capital	536,715
Retained earnings	1,969,678
Treasury stock - at cost	(45,000)
Accumulated other comprehensive income	100,964
Total shareholders' equity	2,569,725
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 3,950,155

The accompanying notes are an integral part of these statements.

Compendit, Inc. and Subsidiary
CONSOLIDATED STATEMENTS OF INCOME
Years ended December 31,

	2003
Revenues	
Consulting revenue	$ 8,325,325
Reimbursable project expenses	1,294,318
Total revenues	9,619,643
Operating expenses	
General and administrative expenses	7,111,891
Reimbursable project expenses	1,294,318
Total operating expenses	8,406,209
Income from operations	1,213,434
Other income (expense)	
Interest income	2,240
Interest expense	(3,647)
Miscellaneous income	10,761
Loss on disposition of fixed assets	-
Total other income	9,354
Income before income taxes	1,222,788
Income taxes	429,848
NET INCOME	$ 792,940

The accompanying notes are an integral part of these statements.

Compendit, Inc. and Subsidiary
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
Two years ended December 31, 2003

	Common stock		Additional		
	Number of shares	Amount	paid-in capital	Retained earnings	Treasury stock

Balance at January 1, 2002	7,101,666	$ 7,102	$ 534,315	$ 822,075	$(20,000)
Sale of common stock	43,334	133	1,200	-	-
Purchase of 50,000 shares of treasury stock	-	-	-	-	(25,000)
Comprehensive income					
Net income	-	-	-	354,663	-
Foreign currency translation adjustment	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Balance at December 31, 2002	7,145,000	7,235	535,515	1,176,738	(45,000)
Sale of common stock	133,333	133	1,200	-	-
Comprehensive income					
Net income	-	-	-	792,940	-
Foreign currency translation adjustment	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Balance at December 31, 2003	7,278,333	$ 7,368	$ 536,715	$ 1,969,678	$(45,000)

Compendit, Inc. and Subsidiary
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31,

	2003
Cash flows from operating activities	
Net income	$ 792
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	69
Loss on disposition of fixed assets	
Unrealized stock (gain) loss	(1
Deferred income taxes	19
(Increase) decrease in operating assets	
Accounts receivable	493
Investments	1
Employee advances	(55
Prepaid expenses	(53
Deposits	6
Increase (decrease) in operating liabilities	
Accounts payable	52
Customer advanced deposits	(68
Accrued income taxes	245

Accrued expenses	(372
Total adjustments	335
Net cash provided by operating activities	1,128,
Cash flows from investing activities	
Purchase of property and equipment	(81
Net cash used in investing activities	(81
Cash flows from financing activities	
Repayment of short-term debt	
Proceeds from sale of capital stock	1
Acquisition of treasury stock	
Net cash provided by (used in) financing activities	1
Effect of exchange rate on cash	14
NET INCREASE IN CASH	1,061
Cash, beginning of the year	787
Cash, end of the year	$ 1,849
Supplemental disclosures of cash flow information	
Cash paid during the year for	
Interest expense	$ 3
Income tax	199

The accompanying notes are an integral part of these statements.

Compendit, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2003 and 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Compendit, Inc. (the "Company"), a C Corporation, headquartered in Chicago, Illinois, with offices in Belmont, California, and Hamburg and Walldorf, Germany, was incorporated in 1999. The Company is primarily engaged in the business of providing technology strategy, implementation and support for clients. The Company's clients are primarily located throughout the United States and Europe.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned German subsidiary, Compendit Deutschland GmbH. All significant intercompany transactions have been eliminated in consolidation.

Revenue Recognition

Revenue is recognized when all of the following four criteria are met: persuasive evidence that an agreement exists, service has been rendered, the contract price is fixed or determinable and collectibility is reasonably assured. The revenue is generated from time-and-materials contracts that are recognized as the services are performed.

In November 2001, the Financial Accounting Standards Board's Emerging Issues Task Force issued Topic 01-14, "Income Statement Characterization of Reimbursements Received for `Out-of-Pocket' Expenses Incurred," stating these costs should be characterized as revenue in the income statement if billed to customers. The Company included reimbursable expenses in revenue and expense. For presentation purposes, the Company shows two components of total revenue: (1) revenue before reimbursements, or "consulting revenue," consisting of revenue from performing consulting services and (2) reimbursable project expenses, consisting of reimbursements received from clients for out-of-pocket expenses incurred.

Stock-Based Compensation

The Company accounts for stock-based employee compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and has adopted the disclosure-only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," related to options and warrants issued to employees. For options issued to employees during the years ended December 31, 2003 and 2002, no stock-based employee compensation is reflected in net income in the accompanying consolidated statements of income, as all such options had an exercise price equal to the market value of the underlying common stock on the date of the grant. Had the Company applied the fair value recognition provisions of SFAS No. 123 to stock-based employee

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Stock-Based Compensation - Continued

compensation during the years ended December 31, 2003 and 2002, net income would have been as follows:

	2003
Net income, as reported	$792,940
Deduct total stock-based compensation determined under fair value-based	

awards, net of tax	(48,263
Pro forma net income	$744,677

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Therefore, actual results could differ from those estimates.

Accounts Receivable

The majority of the Company's accounts receivable are due from companies in various industries. Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are due within 30 to 45 days and are stated at amounts due from customers. Accounts outstanding longer than the contractual payments terms are considered past due.

The Company determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company and the condition of the general economy and the industry as a whole. As of December 31, 2003 and 2002, an allowance for doubtful accounts was not required.

Property and Equipment

Property and equipment are stated at cost. The Company has adopted an accelerated method of depreciation. Estimated useful lives are as follows:

Furniture and fixtures	5 - 7 years
Computers and equipment	3 - 5 years
Leasehold improvements	Term of lease

Compendit, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment - Continued

Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Depreciation expense for the years ended December 31, 2003 and 2002, was $69,033 and $52,503, respectively.

Advertising Costs

Advertising costs are expensed as incurred and included in general and administrative expenses. Total advertising costs for the years ended December 31, 2003 and 2002, were $17,010 and $16,953, respectively.

Income Taxes

The Company uses an asset and liability approach, as required under SFAS No. 109, "Accounting for Income Taxes," for financial accounting and reporting of income taxes. Deferred income taxes are provided using currently enacted tax rates when tax laws and financial accounting standards differ with respect to the amount of income for a year and the basis of assets and liabilities. The Company does not provide U.S. deferred income taxes on earnings of foreign subsidiaries that are expected to be indefinitely reinvested. Judgment is required in determining its provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against its net deferred tax assets. A valuation allowance is provided for deferred tax assets whenever it is more likely than not that future tax benefits will not be realized.

Comprehensive Income

Comprehensive income includes net income as currently reported under accounting principles generally accepted in the United States of America and also considers the effect of additional economic events that are not required to be recorded in determining net income, but are rather reported as a separate component of shareholders' equity. The Company reports foreign currency translation adjustments as components of comprehensive income.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Foreign Currency Translation

Assets and liabilities of the Company's foreign operations are translated into U.S. dollars at the exchange rate in effect at the balance sheet date, while income and expenses are translated at the weighted-average exchange rate for the year. Translation adjustments are classified as a separate component of shareholders' equity. Gains and losses arising from intercompany foreign currency transactions that are of a long-term-investment nature are reported in the same manner as translation adjustments.

Fair Value of Financial Instruments

The carrying values of accounts receivable and liabilities approximate their fair values at December 31, 2003 and 2002.

NOTE B - OPERATING LEASE COMMITMENTS

The Company leases its office facilities under multiple non-cancelable operating leases, with various expiration dates. The leases require monthly rental payments plus common area maintenance and real estate tax charges which are subject to modifications over the term of the leases.

Rent expense for the years ended December 31, 2003 and 2002, was $241,449 and $155,012, respectively.

Future minimum lease payments are as follows:

Year ending December 31,	
2004	$145,820
2005	144,346
2006	146,556
2007	137,612
2008	72,156
	$646,490

Compendit, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

NOTE C - RELATED-PARTY TRANSACTIONS

The Company has advanced funds to the president of the Company in the amount of $15,000. The advance is uncollateralized, non-interest bearing and payable on demand.

Beginning in June 2002, the Company rents a space from an officer of the Company. Rent expense for this space for the years ended December 31, 2003 and 2002, was approximately $30,000 and $15,000, respectively.

NOTE D - INCOME TAXES

Income tax expense for the years ended December 31, 2003 and 2002, was $519,427 and $191,072, respectively. The Company recognizes the tax effects of differences between the financial and tax basis of assets and liabilities, and for operating losses and tax credits that are available to offset future taxable income.

Income tax expense for the years ended December 31, 2003 and 2002, consisted of the following:

	2003
Current	
Federal	$294,991
State	35,212
Foreign	80,508
Total current provision	410,711

Deferred provision	19,137
Total provision for income taxes	$429,848

Compendit, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

NOTE D - INCOME TAXES - Continued

The reconciliation of income taxes computed using the Federal statutory rate of 34% for the years ended December 31, 2003 and 2002, is as follows:

	2003
Federal statutory income tax	$415,747
State income tax, net of Federal tax benefit	23,508
Non-deductible expenses	1,980
Effect of international taxes	80,508
Difference due to U.S. graduated rates	(89,579)
Other	(2,316)
	$429,848

The tax effects of temporary differences that give rise to deferred tax assets and liabilities at December 31, 2003 and 2002, are as follows:

	2003
Deferred income tax liability	
Tax over book depreciation	$(42,256)
Deferred income tax assets	
Accrued vacation	18,962
Total deferred tax liability	$(23,294)

NOTE E - STOCK OPTIONS

In 1999, the Board of Directors approved the Compendit, Inc. 1999 Equity Incentive Plan (the "1999 Plan"). The 1999 Plan provides for the issuance of incentive stock options and non-qualified stock options to officers and other key employees of the Company. The Company has reserved an aggregate of 1,800,000 shares for issuance under the 1999 Plan, of which 186,417 shares were available for grant as of December 31, 2003.

The 1999 Plan authorized the grant of stock options, when authorized by the Company's Board of Directors, at prices generally not less than the fair market value at the date of grant. Options granted are generally exercisable beginning one year after the date of grant and are fully exercisable in three to four years from the date of grant.

Compendit, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

NOTE E - STOCK OPTIONS - Continued

The Company's stock-based employee compensation, including stock options, was accounted for under the intrinsic value-based method as prescribed by APB Opinion No. 25. Therefore, no compensation expense was recognized for these stock options as they had no intrinsic value on the date of grant.

If the Company were to recognize compensation expense over the relevant service period under the fair value method of SFAS No. 123 with respect to stock options granted and employee stock purchases for 2003, 2002 and 2001 and all prior periods, net earnings would have decreased, resulting in pro forma net losses and losses per share as presented below:

	2003
Net income	
As reported	$792,940
Less stock-based compensation expense determined under fair value method for all awards, net of related taxes (as applicable)	(48,263)
Pro forma	$744,677
Basic net earnings per common share	
As reported	$0.11
Pro forma	0.10
Diluted net earnings per common share	
As reported	$0.11
Pro forma	0.10

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions for the years ended December 31:

2003

Expected volatility	0.0%
Risk-free interest rates	2.4%
Expected lives	4.5 years

The Company has not paid and does not anticipate paying dividends; therefore, the expected dividend yield is assumed to be zero.

Compendit, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

NOTE E - STOCK OPTIONS - Continued

A summary of the status of the Company's option plans is presented below:

	2003		
	Number of shares	Weighted-average exercise price	Number of shares
Outstanding at beginning of year	942,000	$0.48	691,500
Granted	30,000	0.50	279,500
Exercised	-	-	-
Forfeited	(26,750)	0.50	(29,000
Outstanding at end of year	945,250	0.48	942,000
Exercisable at end of year	253,875	0.42	182,250

NOTE E - LINE OF CREDIT

The Company has available up to $400,000 on a secured line of credit from Wells Fargo Bank at an interest rate of 1.875% above base rate (currently 5.875%). The line of credit will mature on September 10, 2004. The line is collateralized by substantially all of the assets of the Company. No balances were outstanding at December 31, 2003 and 2002.

NOTE F - MAJOR CUSTOMERS

A major portion of the Company's revenues are concentrated from a few customers. The Company had revenues from three customers totaling approximately $7,500,000 (78% of revenue) and $6,053,000 (89% of revenue) for the years ended December 31, 2003 and 2002, respectively.

Compendit, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

NOTE G - LETTER OF CREDIT

At December 31, 2003, the Company had a secured letter of credit of $33,333 outstanding with Wells Fargo Bank. The letter of credit was collateralized with an interest-bearing checking account at the bank. The letter of credit is used as a security deposit by the landlord.

NOTE H - ACCRUED EXPENSES

Accrued expenses at December 31 include the following:

	2003
Accrued bonus	$544,603
Accrued professional fees	21,995
Accrued vacation	71,676
Accrued general	660
Total accrued expenses	$638,934

NOTE I - PROFESSIONAL EMPLOYER ORGANIZATION AGREEMENT

The Company uses a professional employer organization, Administaff, to manage its human resources. The agreement with Administaff establishes a relationship among the Company, Administaff and the employee. Administaff provides the Company a full range of services - employee benefits, employer liability management and human resources administration.

NOTE J - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2003

Furniture and fixtures	$ 305,232
Computers and equipment	98,539
Less accumulated depreciation and amortization	(224,341)
Property and equipment, net	$ 179,430

Compendit, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

NOTE K - SUBSEQUENT EVENT

On March 12, 2004, the Company was acquired by Inforte Corp., pursuant to the terms of an agreement of merger. All the outstanding shares of the Company were converted into the right to receive cash based on an initial aggregate cash payment at closing of $5,500,000, with an additional payment of up to $500,000 payable based on a closing statement calculation. Additionally, the shareholders have a right to receive an additional amount of up to $6,300,000 in 2005 and 2006 based upon 2004 performance.

Item 7.

(b) Pro Forma Financial Information

The following unaudited pro forma combined condensed financial statements have been prepared to give effect to the acquisition by Inforte Corp.("Inforte" or the "Company") of Compendit, Inc. ("Compendit") on March 12, 2004 (the "Acquisition"), using the purchase method of accounting and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma combined condensed financial statements. The pro forma combined condensed financial statements should be read in conjunction with the historical financial statements of Inforte, filed on Form 10-K with the Securities and Exchange Commission as part of Inforte's Annual Report for the year ended December 31, 2003, and the historical financial statements of Compendit, which are contained herein.

The unaudited pro forma combined statement of operations combines the respective statements of operations as if the acquisition of Compendit had occurred at January 1, 2003.

The unaudited pro forma combined balance sheet reflects the balance sheet of the Company as if the acquisition of Compendit had occurred on December 31, 2003.

The unaudited pro forma combined condensed financial statements include adjustments, which are based upon preliminary estimates, to reflect the allocation of the purchase price to the acquired assets and assumed liabilities of Compendit. The purchase price allocation presented herein is preliminary, and final allocation of the purchase price will be based upon actual net tangible and intangible assets acquired as well as liabilities assumed as of the date of the Acquisition. Accordingly, final purchase accounting adjustments may differ, perhaps significantly, from the pro forma adjustments presented herein.

The unaudited pro forma combined condensed financial statements are intended for informational purposes only and, in the opinion of management, are not indicative of the financial position or results of operations of the Company after the Acquisition or the financial position or results of operations had the

Acquisition actually been effected as of the dates indicated, nor are they indicative of the future financial position or results of operations.

The unaudited pro forma combined condensed financial statements do not include potential cost savings from operating efficiencies or synergies that may result from the Acquisition, potential integration costs that may be incurred subsequent to the closing of the Acquisition, potential changes in employee benefit and incentive plans, and other potential operational items that may have been considered.

UNAUDITED PRO FORMA INFORTE CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2003
(In thousands)

	Historical		
	Inforte Corp.	Compendit, Inc.	Pro fo Adjust
ASSETS			
Current assets:			
Cash and cash equivalents	$24,071	$ 1,850	$(6,9
Short-term marketable securities	25,471	-	
Accounts receivable	4,811	1,645	
Allowance for doubtful accounts	(500)	-	
Accounts receivable, net	4,311	1,645	
Prepaid expenses and other current assets	688	257	
Interest receivable on investment securities	372	-	
Deferred income taxes	664	19	
Total current assets	55,577	3,771	(6,9
Computers, purchased software and property	2,084	403	
Less accumulated depreciation and amortization	1,370	224	
Computers, purchased software and property, net	714	179	
Long-term marketable securities	18,187	-	
Goodwill and intangible assets	-	-	4,9
Deferred income taxes	326	-	
Total assets	$74,804	$ 3,950	$(2,0
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 573	$ 203	$
Income taxes payable	299	415	
Accrued expenses	3,558	720	
Accrued loss on disposal of leased property	558	-	
Deferred acquisition payment	-	-	5
Deferred revenue	2,617	-	
Deferred income taxes	-	42	
Total current liabilities	7,605	1,380	5

Stockholders' equity:			
Common stock (net of treasury stock)	11	7	
Additional paid-in capital	79,791	537	(5
Cost of common stock in treasury (2,720,823 shares as of Dec. 31, 2003)	(24,997)	(45)	
Retained earnings	12,022	1,970	(1,9
Accumulated other comprehensive income	372	101	(1
Total stockholders' equity	67,199	2,570	(2,5
Total liabilities and stockholders' equity	$74,804	$ 3,950	$(2,0
Total cash and marketable securities	$67,729	$ 1,850	$(6,9

The accompanying notes are an integral part of these unaudited pro forma combined condensed financial statements.

UNAUDITED PRO FORMA INFORTE CORP. AND SUBSIDIARIES
COMBINED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2003
(In thousands, except per share data)

	Historical			
	Inforte Corp.	Compendit, Inc.	Pro forma Adjustments	Pro forma Combined
Revenues:				
Revenue before reimbursements (net revenue)	$32,655	$8,325	-	$40,980
Reimbursements	4,742	1,294	-	6,036
Total Revenues	37,397	9,619	-	47,016
Operating expenses:				
Project personnel and related expenses	17,263	-	-	17,263
Reimbursed expenses	4,742	1,294	-	6,036
Sales and marketing	4,644	-	-	4,644
Recruiting, retention and training	743	-	-	743
Management and administrative	9,436	7,112	(122)(e)	16,426
Deferred compensation	-	-	106 (f)	106
Amortization of intangible assets	-	-	127 (g)	127
Total operating expenses	36,828	8,406	111	45,345
Operating income	569	1,213	(111)	1,671
Interest income, net and other	1,380	9	(127)(h)	1,262
Income before income tax	1,949	1,222	(238)	2,933
Income tax expense	201	430	(52)	579
Net income	$1,748	$792	$(186)(i)	$2,354

	=========	==========	=========	========
Earnings per share:				
-Basic	$0.16			$0.22
-Diluted	$0.16			$0.21
Weighted average common shares outstanding:				
-Basic	10,898		-	10,898
-Diluted	11,018		19 (j)	11,037

The accompanying notes are an integral part of these unaudited pro forma combined condensed financial statements.

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

The unaudited pro forma combined condensed financial statements included herein have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission. Certain information and certain footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations; however, management believes that the disclosures are adequate to make the information presented not misleading.

1. BASIS OF PRO FORMA PRESENTATION

On March 12, 2004, by way of a merger of a wholly owned subsidiary of Inforte with Compendit, Inforte acquired all of the outstanding shares of Compendit, a leading provider of SAP Business Intelligence implementation consulting services, for initial cash consideration of $5.5 million on closing with an additional aggregate cash payment of $0.5 million in cash within 45 days after closing based on a closing statement calculation of cash less transaction costs. Supplementary cash amounts of up to $6.3 million may be paid over 2005 and 2006 based on 2004 performance. This acquisition enhanced Inforte's ability to offer analytics and business intelligence solutions through Compendit's services partnership with SAP.

2. PURCHASE PRICE ALLOCATION

The following represents the preliminary allocation of the purchase price paid for Compendit based on the estimated fair values of the acquired assets and assumed liabilities of Compendit as of December 31, 2003. Actual fair values will be determined as more detailed analysis is completed and additional information on the fair values of Compendit's assets and liabilities becomes available.

The unaudited pro forma combined condensed financial statements reflect a total initial purchase price of $6.1 million (the "Initial Purchase Price"), consisting of the following: (i) the payment of the initial cash consideration of $5.5 million, (ii) transaction costs of $0.1 million, and (iii) additional cash consideration payable after closing of the Acquisition of $0.5 million. Under the purchase method of accounting, the Initial Purchase Price is allocated to Compendit's net tangible and intangible assets based upon their estimated fair value as of the date of the Acquisition. The Initial Purchase Price does not include any contingent earnout amounts. The preliminary purchase price allocation as of December 31, 2003 is as follows (in thousands):

Tangible assets:	
Cash and cash equivalents......................	$ 500
Accounts receivable and other current assets....	1,921
Property and equipment.........................	179
Total tangible assets.....................	2,600
Intangible assets:	
Goodwill and other intangible assets...........	4,905
Total intangible assets...................	7,505
Liabilities assumed:	
Accounts payable and other accrued liabilities..	(923)
Income taxes payable..........................	(415)
Deferred income taxes.........................	(42)
Total liabilities assumed.................	(1,380)
Net assets acquired.......................	$ 6,125

The allocation of the purchase price was based on a preliminary evaluation of assets acquired and liabilities assumed. Goodwill represents the excess of the purchase price

over the fair value of the tangible and intangible assets acquired. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill will not be amortized but will be tested for impairment at least annually. The purchase price allocation presented above is preliminary and final allocation of the purchase price will be based upon the actual fair values of the net tangible and intangible assets acquired, as well as liabilities assumed as of the date of the Acquisition. Any change in the fair value of the net assets of Compendit will change the amount of the purchase price allocable to goodwill. The final purchase accounting adjustments may differ materially from the pro forma adjustments presented herein.

There were no historical transactions between Inforte and Compendit.

3. ADJUSTMENTS TO PRO FORMA COMBINED FINANCIAL STATEMENTS

Pro Forma Combined Balance Sheet

(a) This adjustment reflects the acquisition of all of the outstanding securities of Compendit for $5.6 million, consisting of the payment of initial cash consideration of $5.5 million and transaction costs of $0.1 million.

(b) This adjustment removes from the combined balance sheet cash and cash equivalents of $1.4 million that were not included among assets of Compendit as of the date of acquisition of Compendit and eliminates Compendit's historical stockholders' equity.

(c) This adjustment preliminarily records intangible assets and goodwill created as a result of the acquisition of Compendit.

(d) This adjustment records an accrual of $0.5 million for additional cash consideration payable after closing of the Acquisition.

Pro Forma Combined Statement of Operations

(e) This adjustment represents Compendit's transaction costs for investment banking, legal fees and expense reimbursements related to the sale of Compendit's assets to the Company.

(f) This adjustment represents stock-based compensation expense related to the issuance of stock option grants by Inforte to Compendit's employees as of the acquisition date at an exercise price lower than the market price of Inforte's stock as of such grant date.

(g) This adjustment reflects the amortization of the intangible assets for the year ended December 31, 2003.

(h) This adjustment reflects the decrease in interest income related to the initial purchase price of $5.6 million paid to the shareholders of Compendit. The reduction in interest income was based on an assumed interest rate of 2.25% for the twelve months ended December 31, 2003.

(i) This adjustment reflects the tax effect of pro forma adjustments.

(j) This adjustment represents the dilutive effect of options to purchase Inforte stock issued to Compendit's employees on the acquisition date.

Item 7.

(c) Exhibits

(a) The following exhibits are filed with the Form 8-K/A:

Exhibit 23.1 - Consent of Grant Thornton LLP

SIGNATURES

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

By: /s/ Nick Heyes

Nick Heyes
Chief Financial Officer

Date: May 10, 2004