SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K/A
AMENDMENT No. 1

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): January 25, 1999

Commission File No. 0-18492

TEAMSTAFF, INC.
(Exact name of registrant as specified in its charter)

New Jersey	22-1899798
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
300 Atrium Drive, Somerset, NJ	08873
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (732) 748-1700

ITEM 2. ACQUISITION OR DISPOSITIONS OF ASSETS

As previously reported on Form 8K filed with the Commission on February 8, 1999, effective as of January 25, 1999, TeamStaff, Inc. (formerly Digital Solutions, Inc.) (the "Company") consummated its acquisition of 10 entities operating under the tradename the "TeamStaff Companies". As a result of the acquisition, the 10 TeamStaff Companies became wholly-owned subsidiaries of the Company.

Pursuant to the terms of the acquisition, the Company issued 8,233,334 shares of common stock in exchange for all of the common stock of the TeamStaff Companies and paid $3.2 million in cash for all the preferred stock and for payment of outstanding debt owed by the TeamStaff Companies to its shareholders. The Company also incurred $1,281,000 for certain legal, accounting and investment banking expenses. Additionally, the Company issued 312,010 shares of common stock to its investment banking firm for services rendered in connection with the acquisition.

Pursuant to the terms of the acquisition agreements, the former owners of the TeamStaff Companies agreed to indemnify the Company, subject an initial "basket" of $100,000, for claims of up to approximately $2,000,000 for various types of claims for breaches of representations and warranties. The former owners placed 1,471,000 shares of Common Stock into escrow in order to provide limited security for claims of indemnification brought by the Company for breaches of representations or warranties by the TeamStaff Companies and the former owners.

In addition, pursuant to the acquisition agreements, the former owners of the TeamStaff Companies have agreed to vote all shares of the Company owned by them during the two year period following the acquisition, in favor of management's nominees to the Board of Directors at all special or annual meetings of the Company's shareholders.

This Amendment to Form 8K has been filed to include certain Financial Statements and Pro Forma Financial Information in accordance with Form 8K reflecting the acquisition of the TeamStaff Companies.

Certain statements contained herein constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "1995 Reform Act"). TeamStaff, Inc. desires to avail itself of certain "safe harbor" provisions of the 1995 Reform Act and is therefore including this special note to enable the Company to do so. Forward-looking statements included in this report involve known and unknown risks, uncertainties, and other factors which could cause the Company's actual results, performance (financial or operating) or achievements to differ from the future results, performance (financial or operating) achievements expressed or implied by such forward-looking statements. Such future results are based upon management's best estimates based upon current conditions and the most recent results of operations. These risks include, but are not limited to, risks associated with the Company's risks of current as well as future acquisitions, effects of competition and technological changes and dependence upon key personnel.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

a. Financial Statements of Business Acquired

Pursuant to Item 7 of Form 8-K, the following financial statements of the TeamStaff Companies are annexed hereto:

99.1 Audited Financial Statements for the fiscal years ended December 31, 1996 and 1997, together with report of Grant Thornton LLP independent accountants to the TeamStaff Companies.

99.2 Audited Financial Statements for the fiscal year ended December 31, 1998, together with report of Arthur Andersen LLP independent accountants to the TeamStaff Companies.

b. Pro Forma Financial information.

Pursuant to Item 7 of Form 8-K, the Company has annexed hereto the Pro Forma financial statements which have been prepared as if the acquisition was consummated as of October 1, 1997.

99.3 Pro Forma Financial Statements of TeamStaff, Inc. (formerly Digital Solutions, Inc.)

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.

TEAMSTAFF, INC.
(Registrant)

/s/ Donald W. Kappauf

Donald W. Kappauf
Chief Executive Officer

/s/ Donald T. Kelly

Donald T. Kelly
Chief Financial Officer

Date: April 7, 1999

EXHIBIT 99.1
TO
8K OF

TEAMSTAFF, INC.

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED
DECEMBER 31, 1996 AND 1997, TOGETHER
WITH REPORT OF
GRANT THORNTON LLP
INDEPENDENT ACCOUNTANTS

Exhibit 99.1

Report of Independent Certified Public Accountants

Board of Directors
TeamStaff Companies, Inc.
and Affiliated Companies

We have audited the accompanying combined balance sheets of TeamStaff Companies, Inc. and Affiliated Companies as of December 31, 1997 and 1996, and the related combined statements of operations, shareholders' deficit and cash flows for the years then ended. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of TeamStaff Companies, Inc. and Affiliated Companies as of December 31, 1997 and 1996, and the combined results of their operations and their combined cash flows for the years then ended, in conformity with generally accepted accounting principles.

Grant Thornton LLP

Tampa, Florida
April 24, 1998

TeamStaff Companies, Inc. and Affiliated Companies
COMBINED BALANCE SHEETS

ASSETS	December 31, 1997	December 31, 1996
CURRENT ASSETS		
Cash	$ 861,932	$ 50,568
Accounts receivable, net of allowance for doubtful accounts of $-0- and $45,556, respectively	2,680,260	2,035,504
Notes receivable from shareholders	338,382	321,570
Due from voluntary employees' beneficiary association	--	145,511
Deposits with workers' compensation insurer	333,703	75,000
Restricted certificate of deposit pledged to workers' compensation insurer	--	900,000
Total current assets	4,214,277	3,528,153
FURNITURE, FIXTURES AND EQUIPMENT, net	239,076	171,325
NOTE RECEIVABLE FROM SHAREHOLDER	1,800,000	1,800,000
OTHER ASSETS	314,318	388,447
Total assets	$ 6,567,671	$ 5,887,925
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Book overdraft in bank account	$ --	$ 620,182
Accounts payable and accrued expenses	795,739	164,576
Accrued salaries, wages and payroll taxes	3,447,981	2,115,042
Accrued workers' compensation claims	462,115	856,229
Current maturities of note payable	33,326	--
Current maturities of notes payable to shareholders	847,000	689,000
Other liabilities	15,310	131,000
Total current liabilities	5,601,471	4,576,029
ACCRUED WORKERS' COMPENSATION CLAIMS	400,000	441,668
NOTES PAYABLE TO SHAREHOLDERS, less current portion	2,300,000	2,300,000
NOTE PAYABLE, less current portion	55,563	--
CLIENT DEPOSITS	33,850	41,546
COMMITMENTS AND CONTINGENCIES	--	--
SHAREHOLDERS' DEFICIT		
Preferred stock	1,800,000	1,800,000
Common stock	46,800	46,800
Additional paid-in capital	1,776,704	1,776,704
Accumulated deficit	(5,446,717)	(5,094,822)
Total shareholders' deficit	(1,823,213)	(1,471,318)
Total liabilities and shareholders' deficit	$ 6,567,671	$ 5,887,925

The accompanying notes are an integral part of these statements.

TeamStaff Companies, Inc. and Affiliated Companies
COMBINED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	1997	1996
Revenues	$ 105,246,022	$ 76,026,835
Direct costs:		
Salaries and wages of worksite employees	90,099,908	64,498,444
Benefits and payroll taxes	11,847,485	10,135,880
Total direct costs	101,947,393	74,634,324
Gross profit	3,298,629	1,392,511
Operating expenses:		
Administrative personnel	1,953,141	1,686,942
General and administrative expenses	1,834,147	1,801,962
Total operating expenses	3,787,288	3,488,904
Loss from operations	(488,659)	(2,096,393)
Other income (expense):		
Interest, net	(46,769)	(84,595)
Other	183,533	71,982
Total other income (expense)	136,764	(12,613)
NET LOSS	$ (351,895)	$ (2,109,006)

The accompanying notes are an integral part of these statements.

TeamStaff Companies, Inc. and Affiliated Companies
COMBINED STATEMENT OF SHAREHOLDERS' DEFICIT
Years ended December 31, 1997 and 1996

	Preferred stock	Common stock	Additional paid-in capital	Accumulated deficit	Total
Balances at December 31, 1995	$ --	$ 46,800	$ 1,776,704	$(2,985,816)	$(1,162,312)
Issuance of preferred stock of TeamStaff V, Inc.	1,800,000	--	--	--	1,800,000
Net loss	--	--	--	(2,109,006)	(2,109,006)
Balances at December 31, 1996	1,800,000	46,800	1,776,704	(5,094,822)	(1,471,318)
Net loss	--	--	--	(351,895)	(351,895)
Balance at December 31, 1997	$ 1,800,000	$ 46,800	$ 1,776,704	$(5,446,717)	$(1,823,213)

The accompanying notes are an integral part of this statement.

TeamStaff Companies Inc. and Affiliated Companies
COMBINED STATEMENTS OF CASH FLOWS

	Year ended December 31, 1997	1996
Increase (decrease) in cash		
Cash flows from operating activities:		
Net loss	$ (351,895)	$(2,109,006)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	83,753	68,898
Changes in assets and liabilities:		
Accounts receivable	(644,756)	(852,012)
Notes receivable from shareholders	(16,812)	(1,853,209)
Due from voluntary employees' beneficiary association	145,511	(549,824)
Deposit with workers' compensation insurer	(258,703)	--
Other assets	73,281	35,066
Accounts payable and accrued expenses	631,163	(136,710)
Accrued salaries, wages and payroll taxes	1,332,939	750,747
Accrued workers' compensation claims	(435,782)	682,681
Other liabilities	(115,690)	(16,679)
Client deposits	(7,696)	10,558
Net cash provided by (used in) operating activities	435,313	(3,969,490)
Cash flows from investing activities		
Purchase of furniture, fixtures and equipment	(150,656)	(70,787)
Restricted certificate of deposit	900,000	--
Net cash provided by (used in) investing activities	749,344	(70,787)
Cash flows from financing activities:		
Proceeds from notes payable to shareholders	158,000	2,308,000
Proceeds from note payable	100,000	--
Payments of notes payable to shareholders	--	(186,292)
Payments of note payable	(11,111)	--
Net change in book overdraft in bank account	(620,182)	(104,770)
Proceeds from issuance of preferred stock	--	1,800,000
Net cash provided by (used in) financing activities	(373,293)	3,816,938
Net increase (decrease) in cash	811,364	(223,339)
Cash at beginning of year	50,568	273,907
Cash at end of year	$ 861,932	$ 50,568
Supplemental cash flow information:		
Cash paid for interest	$ 276,889	$ 84,595

The accompanying notes are an integral part of these statements.

TeamStaff Companies, Inc. and Affiliated Companies
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 1997 and 1996

NOTE A - NATURE OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

TeamStaff Companies, Inc. and Affiliates (collectively referred to as "the Company" or "TeamStaff") are professional employer organizations ("PEO") which provide professional employer services through its service arrangements with its clients. The Company provides human resource management services, including payroll processing, personnel administration, employee benefits administration, workers' compensation insurance coverage and claims management, risk management, and other human resource services. The Company earns a fee for providing human resource services, generally computed as a percent of gross wages of payroll processed. The majority of the Company's clients are located in the State of Florida.

The following are the significant accounting policies followed by the Company in preparing its combined financial statements.

1. Principles of Combination

The accompanying combined financial statements of TeamStaff Companies, Inc. and Affiliated Companies include the accounts of The TeamStaff Companies, Inc., TeamStaff, Inc., TeamStaff II, Inc., TeamStaff III, Inc., TeamStaff IV, Inc., TeamStaff V, Inc., TeamStaff U.S.A., Inc., TeamStaff Insurance Services, Inc., and Employer Support Services, Inc. All material intercompany balances and transactions have been eliminated.

2. Use of Estimates

In preparing the Company's financial statements, management is required 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. The more significant estimates relate to the Company's accrued workers' compensation claims. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers cash in banks and certificates of deposit with original maturities of ninety days or less to be cash equivalents. There were no cash equivalents at December 31, 1997 and 1996.

NOTE A - NATURE OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Revenue Recognition

Revenues and expenses and the related receivables and payables are recognized during the period in which the worksite employee earns wages. The Company's client service contracts generally provide for the billing and collection of revenues prior to or concurrent with the delivery of payrolls. Ordinarily, the Company does not grant credit to its clients; however, credit is granted on a case-by-case basis at the discretion of management.

Accounts receivable consists primarily of billed receivables of approximately $430,000 and $380,000 and unbilled receivables of approximately $2,250,000 and $1,700,000 at December 31, 1997 and 1996.

5. Furniture, Fixtures and Equipment

Furniture, fixtures and equipment are stated at cost. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets, principally ranging from 5-7 years.

6. Other Assets

Included in other assets and receivables is approximately $26,000 and $73,000 of advances to a shareholder and the shareholder's family at December 31, 1997 and 1996, respectively.

7. Reserves for Workers' Compensation Claims

Client employees were covered under an insurance policy with Northbrook Insurance Company (Northbrook) until August 1996, at which time the coverage was changed to a policy with American International Group (AIG). The Northbrook policy provided a specific loss limitation of $500,000 per occurrence. The AIG policy provides for a range of premium costs depending on the claims activity during the policy year and limits the aggregate claims exposure to a percentage of workers' compensation payroll.

From January 1, 1991 through July 31, 1994, all client employees were covered under fully insured policies with United States Employer Consumer Association, Inc. Self-Insured Fund (USEC), which is currently in receivership (See Note H).

Claims for workers' compensation benefits covered through the USEC, Northbrook and AIG policies, are administered by the respective workers' compensation insurers (the Insurers). The Insurers evaluate all workers' compensation claims and pay qualifying claims. The Company employs a staff of risk managers responsible for assisting the Insurers in the review and evaluation of claims.

NOTE A - NATURE OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reserves for workers' compensation claims represent the Company's estimated undiscounted liability for the settlement of workers' compensation claims, both reported and incurred but not reported, as of the balance sheet date. The Company's reserves are established based in part upon information provided by the Company's Insurers. Management believes that the reserves for workers' compensation claims are adequate. While management uses available information, including historical loss ratios, to estimate reserves, future adjustments may be necessary based on actual losses.

8. Income Taxes

All companies in the group are Subchapter S corporations, except for TeamStaff V, Inc. which is a C-corporation. The Company's policy is to record income tax expenses on the C-corporation financial statements based on applicable statutory rates.

The C-corporation uses the asset and liability method to account for income taxes. The objective of the asset and liability method is to establish deferred tax assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. The principal temporary difference between the basis of assets and liabilities for financial reporting and tax purposes relates to reserves for workers' compensation and health insurance claims and net operating loss carryforwards. Net deferred tax assets related to such differences have been offset by a valuation allowance due to the uncertainty of their ultimate realization. Income tax expense is not presented on the statement of operations, as it is not material.

The Subchapter S corporations do not provide for income taxes in the accompanying combined financial statements because those companies' results of operations are allocated directly to their shareholders.

9. Fair Value of Financial Instruments

The carrying amounts of the Company's accounts receivable, notes receivable from shareholders, certificate of deposit, accounts payable and accrued expenses, accrued salaries, wages and payroll taxes, due from voluntary employees' beneficiary association, accrued workers' compensation and notes payable at December 31, 1997 and 1996, approximate fair value due to the short-term nature of these items.

NOTE B - LIQUIDITY

During 1997 and 1996, the Company's net loss was $351,895 and $2,109,006, respectively, and at December 31, 1997 and 1996 the accumulated deficit totaled $5,446,717 and $5,094,822, respectively.

The significant reduction in the operating loss for 1997 as compared to 1996 was primarily attributable to the Company's containment of workers' compensation losses, which were achieved by the Company implementing a more aggressive approach to claim management and the change in the workers' compensation insurance carrier. Management intends to continue improving the operating results by better controlling its health insurance-related costs and increasing gross client revenues. Management believes that these steps will result in economies of scale and greater contribution to net income.

The Company has also obtained a commitment from the shareholders to indemnify the Company against any and all losses resulting from the inability of or the failure by the Company to meet its obligations. Management believes that the indemnification and the cash flow from operations will be sufficient to provide the Company with the resources to continue its operations through the current year.

NOTE C - NOTES RECEIVABLE FROM SHAREHOLDERS

The notes receivable from shareholders relate to nine notes outstanding from two shareholders. The notes have fixed interest rates ranging from 8% to 10%, payable quarterly or at the due date. All principle on these notes are due on December 31, 1998 and January 31, 1999.

NOTE D - FURNITURE, FIXTURES AND EQUIPMENT

A summary of furniture, fixtures and equipment at December 31, is as follows:

	1997	1996
Computer equipment	$ 331,673	$ 240,020
Furniture and fixtures	110,224	59,590
Leasehold improvements	24,866	24,866
	466,763	324,476
Less accumulated depreciation	(227,687)	(153,151)
	$ 239,076	$ 171,325

TeamStaff Companies, Inc. and Affiliated Companies
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 1997 and 1996

NOTE E - NOTES PAYABLE TO SHAREHOLDERS

A summary of notes payable to shareholders at December 31, is as follows:

	1997	1996
Note payable to shareholder, dated December 27, 1996, principal due on January 31, 1999, interest due quarterly at 10%	$ 1,800,000	$ 1,800,000
Note payable to shareholder, dated December 27, 1996, principal due on January 31, 1999, interest due quarterly at 10%	500,000	500,000
Note payable to shareholder, dated November 15, 1994, principal due on December 31, 1998, interest due annually at 7.25%	50,000	50,000
Note payable to shareholder, dated July 31, 1995, principal due on December 31, 1998, interest due quarterly at LIBOR (5.97% at December 31, 1997) plus 1%	350,000	350,000
Note payable to shareholder, dated December 29, 1993, principal due on December 31, 1998, interest due monthly at 8%	132,000	124,000
Note payable to shareholder, dated December 31, 1997, principal due on December 31, 1998, interest due annually at 9%	50,000	--
Note payable to shareholder, dated December 29, 1993, principal due on December 31, 1998, interest due monthly at 9%	100,000	100,000
Note payable to shareholder, dated December 31, 1997, principal due on December 31, 1998, interest due annually at 9%	100,000	--
Note payable to shareholder, dated December 29, 1993, principal due on December 31, 1998, interest due monthly at 9%	65,000	65,000
	3,147,000	2,989,000
Less current portion	(847,000)	(689,000)
	$ 2,300,000	$ 2,300,000

TeamStaff Companies, Inc. and Affiliated Companies
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 1997 and 1996

NOTE F - NOTE PAYABLE

	1997
Note payable to a bank, dated August 5, 1997, principal due on August 5, 2000, interest due quarterly at LIBOR plus 1% (5.97% at December 31, 1997)	$ 88,889
Less current portion	(33,326)
	$ 55,563

NOTE G- EMPLOYEE BENEFIT PLANS

Voluntary Employees' Beneficiary Association

In 1996, the Company sponsored a fully insured health plan (the Plan) covering all full-time employees of its clients. The Plan's assets were held in a voluntary employees' beneficiary association trust for federal income tax purposes. The Company administered claims for benefits under the Plan. During 1996, all Plan participants were covered under traditional fully insured policies. Payments to the plan in 1996 totaled approximately $2,260,000. The Company terminated the Plan effective December 31, 1996.

401(k) Contribution Plan

In 1996, the Company established a deferred compensation plan (the "Plan") under Section 401(a)(g) of the Internal Revenue Code. Generally, any employee of the Company, including those leased to clients, is eligible to participate in the Plan upon completion of a year of service and after attaining the age of 21 years. At its discretion, the Company may make matching contributions to the Plan. Generally, employees become partially vested in Company contributions after 2 years of service and are fully vested after 6 years of service. In 1997 and 1996, approximately $190,000 and $54,000, respectively, were contributed by the Company to the Plan.

NOTE H - COMMITMENTS AND CONTINGENCIES

Pledged Certificate of Deposit

As security under the Northbrook insurance policy described previously, the Company had pledged a certificate of deposit of $900,000 to Northbrook as of December 31, 1996. During 1997, this certificate was transferred to Northbrook to use for claim payments, resulting in a $258,703 deposit balance at December 31, 1997. In addition, as required under the Northbrook policy, the Company also maintains a $75,000 deposit with the insurer, which is used to fund all claims.

Workers' Compensation Claim

The Company has a contingent liability for a potential assessment from a former worker's compensation insurer, which is currently in receivership. The Company used the insurer for policy years prior to 1994. The Company is a member of the insured group and has been given an assessment of $1.1 million for its portion of the $38 million assessed to the group. The Company is currently in litigation for this assessment and management, after consultation with legal counsel, has recorded approximately $400,000 of reserves for this claim. In the event that other parties of the group are unable to satisfy their assessments, additional assessments could be given to the Company.

Operating Leases

The Company has various operating lease agreements for their offices and equipment. Future minimum lease payments required under these operating leases for the years ended December 31, are as follows:

1998	$68,539
1999	24,674
2000	13,699
2001	11,176
Thereafter	6,519

The leases provide for payment of taxes and other expenses by the Company. Rent expense was approximately $168,000 and $164,000 for the years ended December 31, 1997 and 1996, respectively.

NOTE H - COMMITMENTS AND CONTINGENCIES - Continued

Legal Proceedings

Various legal actions and proceedings are pending or threatened against the Company and include suits relating to its professional employer services. While the final outcome of these matters cannot be predicted at this time and many of them may take a number of years to resolve, management believes, after consultations with counsel, that these proceedings are subject to meritorious defenses, are covered by insurance, or, if not so covered, any ultimate liability will not have a material adverse effect on the financial position, results of operations, or liquidity of the Company.

NOTE I - CAPITAL STOCK

Preferred and common stock balances consist of the following at December 31, 1997 and 1996:

	Preferred Stock	Common Stock
THE TEAMSTAFF COMPANIES, INC.		
Common stock - Authorized 10,000 shares of $1.00 par value; issued and outstanding 29,000 shares.	$ --	$29,000
EMPLOYER SUPPORT SERVICES, INC.		
Common stock - Authorized 10,000 shares of $1.00 par value; issued and outstanding 3,800 shares.	--	3,800
TEAMSTAFF II, INC.		
Common stock - Authorized 10,000 shares of $1.00 par value; issued and outstanding 100 shares.	--	100
TEAMSTAFF III, INC.		
Common stock - authorized 10,000 shares of $1.00 par value; issued and outstanding 100 shares.	--	100
TEAMSTAFF IV, INC.		
Common stock - Authorized 10,000 shares of $1.00 par value; issued and outstanding 100 shares.	--	100

NOTE I - CAPITAL STOCK - Continued

	Preferred Stock	Common Stock
TEAMSTAFF V, INC.		
Preferred stock - 8% cumulative - $1,000 par value; authorized, 10,000 shares; issued and outstanding 1,800 shares.	1,800,000	--
Common stock - Authorized 10,000 shares of $1.00 par value; issued and outstanding 100 shares.	--	100
TEAMSTAFF INSURANCE, INC.		
Common stock - Authorized 10,000 shares of $1.00 par value; issued and outstanding 100 shares.	--	100
TEAMSTAFF U.S.A., INC.		
Common stock - Authorized 10,000 shares of $1.00 par value; issued and outstanding 3,800 shares.	--	3,800
TEAMSTAFF, INC.		
Common stock - Authorized 10,000 shares of $1.00 par value; issued and outstanding 9,700 shares.	--	9,700
	$1,800,000	$ 46,800

All companies have authorized 10,000 shares of $1.00 preferred stock; with the exception of those issued above, no shares are issued and outstanding.

NOTE J - RELATED PARTY TRANSACTION

In 1996, a shareholder gave the Company $1,800,000 in exchange for 10,000 shares of preferred stock in TeamStaff V, Inc. TeamStaff V., Inc. then loaned the $1,800,000 to the shareholder (resulting in the $1,800,000 long-term note receivable) who in turn loaned the $1,800,000 to TeamStaff, Inc. (resulting in the $1,800,000 note payable). The interest rates on the note receivable and note payable are identical.

NOTE K - INCOME TAXES (UNAUDITED)

The Company has been acquired in a business combination accounted for as a purchase. Upon completion of this transaction, the S corporations included in the Company become subject to corporate income taxes. The acquirer recognized deferred tax benefit for cumulative temporary differences between financial and tax reporting as of the date of the acquisition. If the acquisition had occurred at December 31, 1997, a deferred tax benefit would have been approximately $400,000, which principally relates to the reserves for workers' compensation claims. Additionally, pro forma tax expense is not presented as the benefit derived from each year's loss would have been offset by a corresponding increase in a valuation allowance against the benefit.

EXHIBIT 99.2

TO

8-K OF

TEAMSTAFF, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 1998 TOGETHER

WITH REPORT OF ARTHUR ANDERSEN LLP

INDEPENDENT ACCOUNTANTS

99.2

TEAMSTAFF COMPANIES, INC. AND AFFILIATED COMPANIES

COMBINED FINANCIAL STATEMENTS AS OF DECEMBER 31, 1998

TOGETHER WITH

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of

Teamstaff Companies, Inc. and
Affiliated Companies

We have audited the accompanying combined balance sheet of Teamstaff Companies, Inc. and Affiliated Companies (as defined in Note 1) as of December 31, 1998 and the related combined statements of operations, shareholders' deficit 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 generally accepted auditing standards. 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 Teamstaff Companies, Inc. and Affiliated Companies as of December 31, 1998 and the results of their operations and their cash flows for the year then ended, in conformity with generally accepted accounting principles.

Roseland, New Jersey
March 19, 1999

TEAMSTAFF COMPANIES, INC. AND AFFILIATED COMPANIES

COMBINED BALANCE SHEET -- DECEMBER 31, 1998

ASSETS

CURRENT ASSETS:	
Cash	$ 417,000
Accounts receivable, net of allowance for doubtful accounts of $2,000	2,249,000
Prepaid expenses and other current assets	505,000
Notes receivable from shareholders	380,000
Deposits with workers' compensation insurer	85,000
Total current assets	3,636,000
FURNITURE, FIXTURES AND EQUIPMENT:	
Computer equipment	424,000
Furniture and fixtures	124,000
Leasehold improvements	25,000
Total furniture, fixtures and equipment	573,000
ACCUMULATED DEPRECIATION AND AMORTIZATION	(348,000)
Total furniture, fixtures and equipment, net	225,000
NOTE RECEIVABLE FROM SHAREHOLDER	1,800,000
OTHER ASSETS	484,000
Total assets	$ 6,145,000

The accompanying notes are an integral part of this combined balance sheet.

TEAMSTAFF COMPANIES, INC. AND AFFILIATED COMPANIES

COMBINED BALANCE SHEET -- DECEMBER 31, 1998

LIABILITIES AND SHAREHOLDERS' DEFICIT

CURRENT LIABILITIES:	
Accounts payable	$ 859,000
Accrued expenses	1,590,000
Accrued salaries, wages and payroll taxes	1,943,000
Income taxes payable	29,000
Current maturities of note payable	28,000
Current maturities of notes payable to shareholders	847,000
Total current liabilities	5,296,000
ACCRUED WORKERS' COMPENSATION CLAIMS	484,000
NOTE PAYABLE, less current portion	65,000
NOTES PAYABLE TO SHAREHOLDERS, less current portion	2,300,000
CLIENT DEPOSITS	45,000
Total liabilities	8,190,000
COMMITMENTS AND CONTINGENCIES	
SHAREHOLDERS' DEFICIT:	
Preferred stock	1,800,000
Common stock	47,000
Additional paid-in capital	1,977,000
Accumulated deficit	(5,869,000)
Total shareholders' deficit	(2,045,000)
Total liabilities and shareholders' deficit balance sheet.	$ 6,145,000

The accompanying notes are an integral part of this combined balance sheet

TEAMSTAFF COMPANIES, INC. AND AFFILIATED COMPANIES

COMBINED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1998

REVENUES	$ 113,501,000
DIRECT COSTS:	
Salaries and wages of worksite employees	97,205,000
Benefits and payroll taxes	12,156,000
Total direct costs	109,361,000
GROSS PROFIT	4,140,000
OPERATING EXPENSES:	
Administrative personnel	2,282,000
General and administrative expenses	2,156,000
Total operating expenses	4,438,000
LOSS FROM OPERATIONS	(298,000)
OTHER INCOME (EXPENSE):	
Interest expense	(447,000)
Interest income	346,000
Other income	6,000
Total other income (expense)	(95,000)
Loss before provision for income taxes	(393,000)
PROVISION FOR INCOME TAXES	(29,000)
Net loss	($ 422,000)

The accompanying notes are an integral part of this combined statement.

TEAMSTAFF COMPANIES, INC. AND AFFILIATED COMPANIES

COMBINED STATEMENT SHAREHOLDERS' DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1998

	Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total
Balance at December 31, 1997	$ 1,800,000	$ 47,000	$ 1,777,000	($5,447,000)	($1,823,000)
Shareholder contribution	--	--	200,000	--	200,000
Net loss	--	--	--	(422,000)	(422,000)
Balance at December 31, 1998	$ 1,800,000	$ 47,000	$ 1,977,000	($5,869,000)	($2,045,000)

The accompanying notes are an integral part of this combined statement.

TEAMSTAFF COMPANIES, INC. AND AFFILIATED COMPANIES

COMBINED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	($ 422,000)
Adjustments to reconcile net loss to net cash used in operating activities-	
Depreciation and amortization	121,000
Provision for doubtful accounts	2,000
Changes in assets and liabilities-	
Accounts receivable	429,000
Prepaid expenses and other current assets	(505,000)
Notes receivable from shareholders	(41,000)
Deposits with workers' compensation insurer	249,000
Other assets	(169,000)
Accounts payable	399,000
Accrued expenses	1,254,000
Accrued salaries, wages and payroll taxes	(1,505,000)
Income taxes payable	29,000
Accrued workers' compensation claims	(379,000)
Other liabilities	(15,000)
Client deposits	11,000
Net cash used in operating activities	(542,000)
CASH FLOWS FROM INVESTING ACTIVITIES --	
Purchase of furniture, fixtures and equipment	(107,000)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from notes payable to shareholders	28,000
Proceeds from note payable	22,000
Payments of notes payable to shareholders	(19,000)
Payments of note payable	(27,000)
Shareholder contribution	200,000
Net cash provided by financing activities	204,000
Net decrease in cash	(445,000)
CASH, beginning of year	862,000
CASH, end of year	$ 417,000
SUPPLEMENTAL CASH FLOW INFORMATION:	
Cash paid for interest	$ 112,000

The accompanying notes are an integral part of this combined statement.

NOTES TO COMBINED FINANCIAL STATEMENTS

(1) NATURE OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Teamstaff Companies, Inc. and Affiliated Companies (collectively referred to as "the Company" or "Teamstaff") are professional employer organizations ("PEO") which provide professional employer services through its service arrangements with its clients. The Company provides human resource management services, including payroll processing, personnel administration, employee benefits administration, workers' compensation insurance coverage and claims management, risk management, and other human resource services. The Company earns a fee for providing human resource services, generally computed as a percentage of gross wages of payroll processed. The majority of the Company's clients are located in the State of Florida.

The following are the significant accounting policies followed by the Company in preparing its combined financial statements.

Principles of Combination-

The accompanying combined financial statements of Teamstaff Companies, Inc. and Affiliated Companies include the accounts of The Teamstaff Companies, Inc., Teamstaff, Inc., Teamstaff II, Inc., Teamstaff III, Inc., Teamstaff IV, Inc., Teamstaff V, Inc., Teamstaff U.S.A., Inc., Teamstaff Insurance Services, Inc., and Employer Support Services, Inc. All significant intercompany balances and transactions have been eliminated.

Use of Estimates-

In preparing the Company's financial statements, management is required 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 financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant estimates relate to the Company's accrued workers' compensation claims. Actual results could differ from those estimates.

Cash and Cash Equivalents-

For purposes of the statement of cash flows, the Company considers cash in banks and certificates of deposit with maturities of ninety days or less at the time of purchase to be cash equivalents. There were no cash equivalents at December 31, 1998.

Revenue Recognition-

Revenues and expenses and the related receivables and payables are recognized during the period in which the worksite employee earns wages. The Company's client service contracts generally provide for the billing and collection of revenues prior to or concurrent with the delivery of payrolls. Ordinarily, the Company does not grant credit to its clients; however, credit is granted on a case-by-case basis at the discretion of management.

Accounts receivable consists primarily of billed receivables of approximately $283,000 and unbilled receivables of approximately $1,968,000 at December 31, 1998.

Furniture, Fixtures and Equipment-

Furniture, fixtures and equipment are stated at cost. Depreciation and amortization is computed utilizing the straight-line method over the shorter of the estimated useful lives of the assets or the remaining lease term, principally ranging from 5-7 years.

Other Current Assets-

Included in prepaid expenses and other current assets is approximately $45,000 of advances to a shareholder and the shareholder's family at December 31, 1998.

Reserves for Workers' Compensation Claims-

Client employees were covered under an insurance policy with Northbrook Insurance Company (Northbrook) until August 1996, at which time the coverage was changed to a policy with American International Group (AIG). The Northbrook policy provided a specific loss limitation of $500,000 per occurrence. The AIG policy provides for a range of premium costs depending on the claims activity during the policy year and limits the aggregate claims exposure to a percentage of workers' compensation payroll.

From January 1, 1991 through December 31, 1993, all client employees were covered under fully insured policies with either United States Employer Consumer Association, Inc. Self-insured Fund (USEC), which is currently in receivership or Associated Industries Insurance Company, Inc. (AIF). From January 1, 1994 through July 31, 1994, all client employees were covered under USEC. (See Note 7)

Claims for workers' compensation benefits covered through the USEC, Northbrook and AIG policies, are administered by the respective workers' compensation insurers (the Insurers). The Insurers evaluate all workers' compensation claims and pay qualifying claims. The Company employs a staff of risk managers responsible for assisting the Insurers in the review and evaluation of claims.

Reserves for workers' compensation claims represent the Company's estimated undiscounted liability for the settlement of workers' compensation claims, both reported and incurred but not reported, as of the balance sheet date. The Company's reserves are based upon information provided by the Company's Insurers. Management believes that the reserves for workers' compensation claims are adequate. While management uses available information, including historical loss ratios to estimate reserves future adjustments may be necessary based on actual losses.

Income Taxes-

Teamstaff Companies, Inc. and Affiliated Companies are Subchapter S corporations, except for Teamstaff V, Inc. which is a C Corporation. The Company's policy is to record income tax expenses on the C Corporation financial statements based on applicable statutory rates.

The C Corporation uses the asset and liability method to account for income taxes. The objective of the assets and liability method is to establish deferred tax assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. The principal temporary difference between the basis of assets and liabilities for financial reporting and tax purposes relates to reserves for workers' compensation and health insurance claims and net operating loss carryforwards. Net deferred tax assets related to such differences have been offset by a valuation allowance due to the uncertainty of their ultimate realization.

The Subchapter S Corporations do not provide for income taxes in the accompanying combined financial statements because those companies' results of operations are allocated directly to their shareholders.

Fair Value of Financial Instruments-

The carrying amounts of the Company's accounts receivable, notes receivable from shareholders and notes payable at December 31, 1998, approximate fair value due to the short-term nature of these items.

(2) LIQUIDITY:

During 1998, the Company's net loss was $422,000 and at December 31, 1998 the accumulated deficit totaled $5,869,000.

Management intends to continue improving the operating results by better controlling its health insurance-related costs and increasing gross client revenues. Management believes that these steps will result in economies of scale and greater contribution to net income.

Subsequent to year-end the Company was sold (see Note 11).

(3) NOTES RECEIVABLE FROM SHAREHOLDERS:

The notes receivable from shareholders relate to ten notes outstanding from two shareholders. The notes have fixed interest rates ranging from 8% to 10%, payable quarterly or at the due date. All principal on these notes are due on June 30, 1999, December 31, 1999 and January 31, 2000.

(4) NOTES PAYABLE TO SHAREHOLDERS:

A summary of notes payable to shareholders at December 31, 1998 is as follows-

Note payable to shareholder, dated December 27, 1996, principal due on January 31, 2000, interest due quarterly at 10%	$1,800,000
Notes payable to shareholder, dated December 27, 1996, principal due on January 31, 2000, interest due quarterly at 10%	500,000
Note payable to shareholder, dated November 15, 1994, principal due on December 31, 1999, interest due annually at 7.25%	50,000
Note payable to shareholder, dated July 31, 1995, principal due on December 31, 1999, interest due quarterly at LIBOR (5.10% at December 31, 1998) plus 1%	350,000
Note payable to shareholder, dated December 29, 1993, principal due on December 31, 1999, interest due monthly at 8%	132,000
Note payable to shareholder, dated December 31, 1997, principal due on December 31, 1999, interest due annually at 9%	100,000
Note payable to shareholder, dated December 29, 1993, principal due on December 31, 1999, interest due monthly at 9%	100,000
Note payable to shareholder, dated December 31, 1997, principal due on December 31, 1999, interest due annually at 9%	50,000
Note payable to shareholder, dated December 29, 1993, principal due on December 31, 1999, interest due monthly at 9%	65,000
	3,147,000
Less- Current portion	(847,000)
	$2,300,000

The maturity dates of the above uncollateralized notes have been extended numerous times.

(5) NOTE PAYABLE:

The note payable is to a bank, dated August 5, 1997 with principal due on August 5, 2000. Interest is due quarterly at LIBOR (5.10% at December 31, 1998) plus 1%	$93,000
Less- Current portion	(28,000)
	$65,000

(6) EMPLOYEE BENEFIT PLANS:

401(k) Contribution Plan-

In 1996, the Company established a deferred compensation plan (the Plan) under Section 401(a)(g) of the Internal Revenue Code. Generally, any employee of the Company, including those leased to clients, is eligible to participate in the Plan upon completion of a year of service and after attaining the age of 21 years. At its discretion, the Company may make matching contributions to the Plan. Generally, employees become partially vested in Company contributions after 2 years of service and are fully vested after six years of service. In 1998 approximately $226,000 were contributed by the Company to the Plan.

(7) COMMITMENTS AND CONTINGENCIES:

Deposits with Workers' Compensation Insurer-

As security under the Northbrook insurance policy described previously, the Company had pledged a certificate of deposit of $900,000 to Northbrook. During 1997, this certificate was redeemed and the funds were transferred to Northbrook to use for claim payments. As of December 31, 1998 the certificate of deposit balance was $10,000. In addition, as required under the Northbrook policy, the Company also maintains a $75,000 deposit with the insurer, which is used to fund all claims.

Workers' Compensation Claim-

The Company has a contingent liability for a potential assessment from a former workers' compensation insurer, which is currently in receivership. The Company used the insurer for policy years prior to 1994. The Company is a member of the insured group and was originally given an assessment of $1.03 million on July 18, 1996 for its portion of the $38 million assessed to the group. On January 15, 1999 this amount was reassessed to $1.6 million of the revised $45 million assessed to the group. The Company is currently in litigation regarding this assessment and management, after consultation with legal counsel, has recorded a reserve of approximately $484,000 based upon the Company's original assessment of $1.03 million and the results of other members' settlements. In the event that other parties of the group are unable to satisfy their assessments, additional assessments could be made against the Company as the overall assessment is joint and several.

Operating Leases-

The Company has various operating lease agreements for their offices and equipment. Future minimum lease payments required under these operating leases for the years ended December 31, are as follows-

1999	$138,000
2000	14,000
2001	11,000
2002	7,000
Thereafter	0

The leases provide for payment of taxes and other expenses by the Company. Rent expense was approximately $157,000 for the year ended December 31, 1998.

(8) COMMITMENTS AND CONTINGENCIES:

LEGAL PROCEEDINGS-

Various legal actions and proceedings are pending or threatened against the Company and include suits relating to its professional employer services. While the final outcome of these matters cannot be predicted at this time and many of them may take a number of years to resolve, management believes, after consultations with counsel, that these proceedings are subject to meritorious defenses, are covered by insurance, or, if not so covered, any ultimate liability will not have a material adverse effect on the combined financial position, results of operations, or liquidity of the Company.

(9) CAPITAL STOCK:

Preferred and common stock balances consist of the following at December 31, 1998

	Preferred Stock	Common Stock
The Teamstaff Companies, Inc. -- Common stock - authorized 10,000 shares of $1.00 par value; issued and outstanding 29,000 shares	$ 0	$29,000
Employer Support Services, Inc. -- Common stock - authorized 10,000 shares of $1.00 par value; issued and outstanding 3,800 shares	0	3,800
Teamstaff II, Inc. -- Common stock - authorized 10,000 shares of $1.00 par value; issued and outstanding 100 shares	0	100
Teamstaff III, Inc. -- Common stock - authorized 10,000 shares of $1.00 par value; issued and outstanding 100 shares	0	100
Teamstaff IV, Inc. -- Common stock - authorized 10,000 shares of $1.00 par value; issued and outstanding 100 shares	0	100
Teamstaff V, Inc. -- Preferred stock - 8% cumulative - $1,000 par value; authorized 10,000 shares; issued and outstanding 1,800 shares - Common stock - authorized 10,000 shares of $1.00 par value; issued and outstanding 100 shares	1,800,000	100
Teamstaff Insurance, Inc. -- Common stock - authorized 10,000 shares of $1.00 par value; issued and outstanding 100 shares	0	100
Teamstaff U.S.A., Inc. -- Common stock - authorized 10,000 shares of $1.00 par value; issued and outstanding 3,800 shares	0	3,800
Teamstaff, Inc. -- Common stock - authorized 10,000 shares of $1.00 par value; issued and outstanding 9,700 shares	0	9,700
	$1,800,000	$46,800

All companies have authorized 10,000 shares of $1,000 preferred stock; with the exception of those issued above, no shares are issued and outstanding.

(10) RELATED PARTY TRANSACTION:

In 1996, a shareholder paid the Company $1,800,000 in exchange for 10,000 shares of preferred stock in Teamstaff V, Inc. Teamstaff V, Inc. then loaned the $1,800,000 to the shareholder (resulting in the $1,800,000 long-term note receivable) who in turn loaned the $1,800,000 to Teamstaff, Inc. (resulting in the $1,800,000 note payable). The interest rates on the note receivable and note payable are identical.

The preferred stock has an 8% cumulative dividend rate. Cumulative dividend in arrears approximate $289,000 as of December 31, 1998. The preferred stock does not give the holder any voting rights and does not contain conversion features. In the event of liquidation, the preferred shareholder is entitled to a liquidation preference of $1,800,000.

(11) SUBSEQUENT EVENT:

On January 25, 1999 the Company was sold to Teamstaff, Inc. (formerly Digital Solutions, Inc.) in exchange for 8,233,334 shares of Teamstaff, Inc.'s common stock. In addition, Teamstaff, Inc. purchased the Company's preferred stock and repaid the note payable and the net notes payable to (receivable from) shareholders.

EXHIBIT 99.3
TO
8-K OF
TEAMSTAFF, INC.
PRO FORMA FINANCIAL
STATEMENTS OF TEAMSTAFF, INC.

Exhibit 99.3

TEAMSTAFF, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET DATA
AS OF DECEMBER 31, 1998

	Historical	
	TeamStaff, Inc.	TeamStaff Cos.
ASSETS		
CURRENT ASSETS		
Cash	$ 1,300,000	$ 417,000
Restricted Cash	350,000	-
Accounts receivable, net of allowance	7,139,000	2,249,000
Notes receivable from shareholder	-	380,000
Other current assets	741,000	590,000
Total current assets	9,530,000	3,636,000
EQUIPMENT AND IMPROVEMENTS		
Equipment	3,359,000	548,000
Leasehold improvements	47,000	25,000
	3,406,000	573,000
Accumulated depreciation and amortization	2,682,000	348,000
	724,000	225,000
DEFERRED TAX ASSET	1,570,000	-
GOODWILL, net of amortization	4,035,000	-
NOTES RECEIVABLE FROM SHAREHOLDER	-	1,800,000
OTHER ASSETS	1,008,000	484,000
TOTAL ASSETS	$ 16,867,000	$ 6,145,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 538,000	$ 28,000
Current portion of notes payable to shareholders	-	847,000
Accounts payable	2,132,000	859,000
Accrued expenses and other current liabilities	3,333,000	3,607,000
Total current liabilities	6,003,000	5,341,000
LONG-TERM LIABILITIES		
Accrued workers' compensation claims	-	484,000
Notes payable to shareholders, less current portion	-	2,300,000
Long-term debt	2,613,000	65,000
Total long-term liabilities	2,613,000	2,849,000
Total Liabilities	8,616,000	8,190,000
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common Stock	19,000	47,000
Preferred Stock	-	1,800,000
Additional paid-in capital	13,734,000	1,977,000
Accumulated deficit	(5,502,000)	(5,869,000)
Total shareholders' equity	8,251,000	(2,045,000)
TOTAL LIABILITIES AND EQUITY	$ 16,867,000	$ 6,145,000

	Pro Forma	
	Adjustments	Combined
ASSETS		

CURRENT ASSETS		
Cash	$ 703,000 (1)(2)(4)	$ 2,420,000
Restricted Cash		350,000
Accounts receivable, net of allowance		9,388,000
Notes receivable from shareholder	(282,000) (2)	98,000
Other current assets		1,331,000
Total current assets	421,000	13,587,000
EQUIPMENT AND IMPROVEMENTS		
Equipment		3,907,000
Leasehold improvements		72,000
	-	3,979,000
Accumulated depreciation and amortization		3,030,000
	-	949,000
DEFERRED TAX ASSET		1,570,000
GOODWILL, net of amortization	12,725,000(3)(4)(5)(6)(7)	16,760,000
NOTES RECEIVABLE FROM SHAREHOLDER	(1,800,000)(2)	-
OTHER ASSETS	(707,000)(1)(6)	785,000
TOTAL ASSETS	$ 10,639,000	$ 33,651,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$1,222,000(1)(2)	$ 1,788,000
Current portion of notes payable to shareholders	(847,000)	-
Accounts payable		2,991,000
Accrued expenses and other current liabilities	574,000(1)(6)	7,514,000
Total current liabilities	949,000	12,293,000
LONG-TERM LIABILITIES		
Accrued workers' compensation claims	-	484,000
Notes payable to shareholders, less current portion	(2,300,000)(2)	-
Long-term debt	2,635,000(1)(2)	5,313,000
Total long-term liabilities	335,000	5,797,000
Total Liabilities	1,284,000	18,090,000
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common Stock	(39,000)(3)(5)	27,000
Preferred Stock	(1,800,000)(4)	-
Additional paid-in capital	5,325,000(3)(5)(7)	21,036,000
Accumulated deficit	5,869,000(3)	(5,502,000)
Total shareholders' equity	9,355,000	15,561,000
TOTAL LIABILITIES AND EQUITY	$ 10,639,000	$ 33,651,000

(1) Includes $3,950,000 of borrowings from a financial institution.

(2) Represents the settlement of TeamStaff shareholders' notes payable ($3,148,000) and notes receivable ($2,082,000) as well as the bank debt of ($92,000) at the date of the merger.

(3) Represents the elimination of TeamStaff's historical equity accounts.

(4) Includes the redemption of the preferred stock for $1,800,000 in cash and dividends of $289,000 not declared but required to be paid as part of the merger agreement.

(5) Includes the issuance of 8,233,334 shares of TeamStaff, Inc. to TeamStaff shareholders and the Company's investment banker (312,010 shares) at an estimated fair market value of $7,310,000 ($8,000 par value common stock and $7,302,000 additional paid in capital).

(6) Including acquisition costs.

(7) Represents the adjustment to record goodwill related to the acquisition and adjustments to reflect the estimated fair value of the intangibles.

TEAMSTAFF, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED DECEMBER 31, 1998

	TeamStaff, Inc.	TeamStaff Cos.	Pro Forma Adjustments	Pro Forma Combined
REVENUES	$ 39,699,000	$ 29,320,000	$ --	$ 69,019,000
DIRECT EXPENSES	36,705,000	28,405,000	--	65,110,000
Gross profit	2,994,000	915,000	--	3,909,000
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,150,000	1,246,000	--	3,396,000
DEPRECIATION AND AMORTIZATION	176,000	48,000	127,000(1)	351,000
Income from operations	668,000	(379,000)	(127,000)	162,000
OTHER INCOME (EXPENSE)				
Interest and other income	104,000	347,000	(350,000)(2)	101,000
Interest expense	(166,000)	(362,000)	146,000(2)(3)	(382,000)
	(62,000)	(15,000)	(204,000)	(281,000)
Income before tax	606,000	(394,000)	(331,000)	(119,000)
INCOME TAX EXPENSE	(271,000)	(29,000)	296,000(4)	(4,000)
NET INCOME	$ 335,000	$ (423,000)	$ (35,000)	$ (123,000)
BASIC EARNINGS PER COMMON SHARE	$ 0.02			$ (0.00)
WEIGHTED AVERAGE SHARES OUTSTANDING	19,363,511		8,545,344(5)	27,908,855
DILUTED EARNINGS PER COMMON SHARE	$ 0.02			$ (0.00)
DILUTED SHARES OUTSTANDING	19,518,235		8,545,344	28,063,579

(1) Represents three months of amortization of intangible assets over 25 years.

(2) Represents the elimination of the interest expense and interest income on the TeamStaff Companies' historical debt which was paid at the time of merger.

(3) Represents three months of interest expense resulting from the financing of the merger.

(4) Represents a reduction to income tax expense as a result of the TeamStaff Companies' loss.

(5) Includes 8,233,334 common shares issued to TeamStaff Companies' shareholders and 312,010 common shares issued to investment bankers in connection with the acquisition.

TEAMSTAFF, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

			Pro Forma	
	TeamStaff, Inc.	TeamStaff Cos.	Adjustments	Combined
REVENUES	$ 139,675,000	$ 113,501,000	$ -	$ 253,176,000
DIRECT EXPENSES	129,747,000	109,361,000	-	239,108,000
Gross profit	9,928,000	4,140,000	-	14,068,000
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	7,389,000	4,317,000	-	11,706,000
DEPRECIATION AND AMORTIZATION	661,000	121,000	509,000 (1)	1,291,000
Income from operations	1,878,000	(298,000)	(509,000)	1,071,000
OTHER INCOME (EXPENSE)				
Interest and other income	83,000	352,000	(354,000) (2)	81,000
Interest expense	(554,000)	(447,000)	(409,000) (2)(3)	(1,410,000)
	(471,000)	(95,000)	(763,000)	(1,329,000)
Income before tax	1,407,000	(393,000)	(1,272,000)	(258,000)
INCOME TAX (EXPENSE) BENEFIT	1,296,000	(29,000)	-	1,267,000
NET INCOME	$ 2,703,000	$ (422,000)	$(1,272,000)	$ 1,009,000
BASIC EARNINGS PER COMMON SHARE	$ 0.14			$ 0.04
WEIGHTED AVERAGE SHARES OUTSTANDING	19,271,897		8,545,344(4)	27,817,241
DILUTED EARNINGS PER COMMON SHARE	$ 0.14			$ 0.04
DILUTED SHARES OUTSTANDING	19,403,298		8,545,344	27,948,642

(1) Represents the amortization of intangible assets over 25 years

(2) Represents the elimination of the interest expense and interest income on the TeamStaff Companie's historical debt which was paid at the time of merger.

(3) Represents the increase in interest expense resulting from the financing of the merger

(4) Includes 8,233,334 common shares issued to TeamStaff Companies shareholders and 312,010 common shares issued to investment bankers in connection with the acquisition.

TEAMSTAFF, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

(1) BASIS OF PRESENTATION

On January 25, 1999 TeamStaff, Inc., formerly Digital Solutions, Inc., completed the acquisition of the Teamstaff Companies through the issuance of 8,233,334 shares of TeamStaff, Inc. common stock and $3.2 million in cash for the preferred stock of the TeamStaff Companies and for the repayment of debt. The transaction (the "Purchase Transaction") was accounted for as a purchase by TeamStaff, Inc. pursuant to Accounting Principle Board Opinion No. 16 "Business Combination" ("APB 16").

The unaudited pro forma condensed combined financial information combines the historical statements of operations of TeamStaff, Inc. with the historical statements of operations of the TeamStaff Companies (TeamStaff, Inc. and the TeamStaff Companies are collectively referred to as the "Combined Company") after giving effect to the Purchase Transaction as if the Purchase Transaction had occurred on October 1, 1997, and the historical balance sheets of TeamStaff, Inc. and the TeamStaff Companies as if the Purchase Transaction had occurred on December 31, 1998. The fiscal year of TeamStaff, Inc. ends on September 30 and the fiscal year of the TeamStaff Companies ends on December 31. For purposes of presenting the unaudited pro forma condensed combined statement of operations, the historical statements of TeamStaff, Inc. for the year ended September 30, 1998 were combined with the historical statements of the TeamStaff Companies for the year ended December 31, 1998. In addition the unaudited historical statements of TeamStaff, Inc. for the three months ended December 31, 1998 were combined with the unaudited statements of the TeamStaff Companies for the same period.

The unaudited pro forma condensed combined financial information is presented for informational purposes only. These pro forma amounts are not necessarily indicative of the results of operations of the Combined Company that would have actually occurred had the Purchase Transaction been consummated on October 1, 1997 or of the financial condition of the Combined Company had the Purchase Transaction been consummated as of December 31, 1998 or of the future results of operations or financial condition of the Combined Company. The unaudited pro forma condensed combined financial information should be read in conjunction with the historical consolidated financial statements for TeamStaff, Inc. and the historical combined financial statements of the TeamStaff Companies.

The unaudited pro forma condensed combined statements of operations and the unaudited pro forma condensed combined balance sheet do not reflect the operating results of TeamStaff, Inc. and the Teamstaff Companies from December 31, 1998 through the closing date of the Purchase Transaction (January 25, 1999) and any cost savings the Combined Company expects to achieve as a result of the Purchase Transaction.

(2) PURCHASE PRICE

Pursuant to the terms of the acquisition, the TeamStaff, Inc. issued 8,233,334 shares of its common stock in exchange for all of the common stock of the TeamStaff Companies and paid $3.2 million in cash for all the preferred stock and for payment of outstanding debt owed by the TeamStaff Companies to its shareholders. TeamStaff, Inc. also incurred $1,281,000 for certain legal, accounting and investment banking expenses. Additionally, the TeamStaff, Inc. issued 312,010 shares of common stock to its investment banking firm for services rendered in connection with the acquisition.

Pursuant to the terms of the acquisition agreements, the former owners of the TeamStaff Companies agreed to indemnify the Company, subject an initial "basket" of $100,000, for claims of up to approximately $2,000,000 for various types of claims for breaches of representations and warranties. The former owners placed 1,471,000 shares of Common Stock into escrow in order to provide limited security for claims of indemnification brought by the Company for breaches of representations or warranties by the TeamStaff Companies and the former owners.

(3) EARNINGS (LOSS) PER COMMON SHARE

The Combined Company has presented its earnings (loss) per common share for the year ended September 30, 1998 and the three months ended December 31, 1998 pursuant to the Statement of Financial Accounting Standards (SFAS) No. 128 "Earnings per Share."

Basic earnings (loss) per common share was computed by dividing net income (loss) applicable to common shareholders by the weighted average number of shares of common stock outstanding. Diluted earnings (loss) per common share was computed by dividing net income applicable to common shareholders by the weighted average number of shares of common stock outstanding, adjusted for the incremental dilutive stock options. Diluted loss per common share is the same as the basic loss per share as the impact of outstanding stock options is antidilutive.

(4) PRO FORMA ADJUSTMENTS

(a) The Unaudited Pro Forma Condensed Combined Balance Sheet reflects the application of APB 16 for the acquisition of the TeamStaff Companies. The purchase price is $11,838,000, is comprised of the cash payment of $1,158,000 for the payment of outstanding debt, $2,089,000 for the preferred stock including dividends, $1,281,000 in transaction costs, the issuance of 312,010 shares of common stock valued at $312,000 to the Company's investment banker for acquisition services and the issuance of 8,233,334 million shares of TeamStaff, Inc. common stock valued at $6,998,000 in exchange for all of the common stock of the TeamStaff Companies. The estimated fair value of the TeamStaff, Inc. common stock was based on the October 1, 1998 closing price of the stock as listed on the Small Cap Market System of the Nasdaq, discounted for the restrictions of trading placed on the common stock over a three year period and the fact that the stock is thinly traded among other items (a total discount of 15% of the listed price). The application of the purchase method of accounting resulted in approximately $12,725,000 in excess of purchase price over net tangible assets acquired as of December 31, 1998. Based on a preliminary analysis by TeamStaff, Inc. the excess of the purchase price over the net tangible assets acquired is expected to be allocated to goodwill and other intangible assets which will be amortized up to 25 years. The Unaudited Pro Forma Condensed Combined Financial Statements also reflect a reduction of interest income which related to the TeamStaff Companies notes due from shareholders as well as the corresponding interest expense relating to notes payable to shareholders. The pro forma adjustment to interest expense also reflects the cost of additional borrowings to finance the acquisition.

COMPUTATION OF EXCESS PURCHASE PRICE

Payment of cash at closing for debt, preferred stock and preferred stock dividends	$ 3,247,000
Transaction costs (included in other assets and accrued expenses)	1,281,000
Issuance of 8,233,334 shares of common stock	6,998,000
Issuance of 312,010 shares of common stock to the investment banker	312,000
Pro forma purchase price	$ 11,838,000

Pro forma purchase price	$ 11,838,000
Net shareholders' deficit of the TeamStaff Companies	3,845,000
Acquisition of preferred stock	(1,800,000)
Outstanding debt payment	(1,158,000)
Excess of pro forma purchase price over tangible assets acquired	$ 12,725,000

PRELIMINARY ALLOCATION OF EXCESS PURCHASE PRICE

Goodwill (25 year life)	$ 12,725,000

(b) The Unaudited Pro Forma Condensed Combined Statements of Operations reflect the amortization of goodwill totaling $509,000 for the year ended September 30, 1998 and $127,000 for the three months ended December 31, 1998.