

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

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

Date of Report (Date of earliest event reported) August 6, 2003

TEAMSTAFF, INC.

(Exact name of Registrant as specified in charter)

New Jersey

0-18492

22-1899798

(State or other jurisdic-
tion of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

300 Atrium Drive, Somerset, N.J.

08873

(Address of principal executive offices)

(Zip Code)

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

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

ITEM 7: FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

The following exhibit is filed herewith:

EXHIBIT NO.	DESCRIPTION
99.1	Press release issued by Teamstaff, Inc. dated August 6, 2003.

ITEM 12: RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On August 6, 2003, Teamstaff, Inc. (the "Registrant") issued a press release announcing results for the fiscal quarter ended June 30, 2003. A copy of the press release is attached as Exhibit 99.1. The information in this report shall not be deemed to be "filed" for purposes of Section 18 of, or otherwise regarded as filed under, the Securities Exchange Act of 1934, as amended. Unless expressly incorporated into a filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, made after the date hereof, the information contained herein shall not be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 18, 2003

TEAMSTAFF, INC.
(Registrant)

By /s/ Gerard A. Romano

Gerard A. Romano
Corporate Controller

TEAMSTAFF REPORTS THIRD QUARTER RESULTS; ANNUAL SHAREHOLDER
MEETING TO BE HELD ON AUGUST 12
Wednesday August 6, 5:23 pm ET

SOMERSET, N.J., Aug. 6 /PRNewswire-FirstCall/ -- TeamStaff, Inc. (Nasdaq: TSTF - News), one of the nation's leading Business Process Outsourcers and Professional Employer Organizations (PEOs), today reported revenue and earnings results for the fiscal quarter ending June 30, 2003.

"The financial results for TeamStaff's third quarter of fiscal 2003 are disappointing and reflect what may be one of the toughest years in TeamStaff's history," said TeamStaff's newly-appointed President and CEO, T. Kent Smith. "A series of occurrences, many of them one-time events, has contributed to making this last year a very difficult one. However, based on the analysis I made before joining the organization and my assessment to date, I believe that TeamStaff has all the elements for strong and healthy future growth."

TeamStaff's revenues for the three months ended June 30, 2003 and 2002 were \$38,478,000 and \$46,874,000, respectively, which represents a year-over-year decrease of \$8,396,000, or 17.9%. Decreased revenues in TeamStaff's Medical Staffing division accounted for approximately \$4,614,000 less revenue, while our PEO division accounted for approximately \$3,654,000 less revenue. TeamStaff's Medical Staffing business, TeamStaff Rx, has, on a percentage-of-revenue basis, been our fastest growing business segment over the last few years. However, in comparison to the third fiscal quarter 2002, revenue for this segment decreased by 25%.

TeamStaff's revenues for the nine months ended June 30, 2003 and 2002 were \$118,795,000 and \$136,097,000, respectively, which represents a decrease of \$17,302,000, or 12.7%. Decreased revenues in TeamStaff's Medical Staffing division accounted for approximately \$10,583,000 less revenue while our PEO division accounted for approximately \$6,608,000 less revenue. This loss in PEO business was somewhat offset by revenue generated by our acquisition of the assets of Corporate Staffing Concepts in January of 2002, which resulted in increased PEO division revenue of \$1,100,000 for the nine months ended June 30, 2003 compared to the same period last year.

Intangible impairment write-down for the three months ended June 30, 2003 is \$1,200,000 for the remaining value of its PEO marketing relationship with a major financial institution. TeamStaff has received written notice from that financial institution terminating the marketing agreement as of October 14, 2003. Goodwill impairment write-down for the nine months ended June 30, 2003 is \$20,396,000. Intangible impairment write-down for the nine months ended June 30, 2003 is \$6,900,000. The decision to test for impairment was based on a variety of factors, including, but not limited to, the overall downturn in the nation's economy, the relatively recent substantial decrease in the number of PEO worksite employees, the poor performance of the marketing agreement established at the time of the BrightLane acquisition, the reduced valuations of individual PEOs by various market analysts and the associated market downgrade in the PEO industry in general.

Net loss for the quarter ended June 30, 2003 was \$(2,264,000), or \$(0.14) per fully diluted share, as compared to net income of \$2,038,000, or \$0.13 per fully diluted share, for the quarter ended June 30, 2002. This decrease is primarily due to the severance accrual recorded for the former President and Chief Executive Officer, the intangible asset write-down for the PEO marketing relationship, and the fiscal year 2002 settlement of certain of TeamStaff's prior workers' compensation programs. Net loss for the nine months ended June 30, 2003 was \$(28,136,000) or \$(1.79) per fully diluted share, as compared to net income of \$3,109,000 or \$0.19 per fully diluted share for the same period last year. This decrease is predominantly due to the after-tax write-down of impaired goodwill and the PEO marketing relationship of \$(25,353,000), or \$(1.61) per fully diluted share. Additional losses resulted from increased workers' compensation reserves, increased state unemployment taxes, the accrual for TeamStaff's potential obligations to its former Chief Executive Officer and Chief Financial Officer under their severance agreements and under its SERP, and the decreased performance of TeamStaff's Medical Staffing division.

Further commenting on TeamStaff's performance, Mr. Smith stated, "While this quarter's performance obviously was less than stellar and was negatively affected, in part, by a number of one-time items, underlying the fiscal year-to-date results are some very positive trends in all our divisions. The decline in the Medical Staffing division hours appears to have bottomed out and we are also seeing an increase in the number of PEO worksite employees. Our Payroll Services division revenue continues to improve with an improving economy

and its profitability should increase once our new front-end web interface has been implemented, which will allow us to service our customers in a more convenient and cost-efficient manner. In the meantime, we have substantially lowered overhead cost by an annualized \$2.4 million and we are continuing to identify other opportunities to lower expenses."

Mr. Smith added, "Since joining TeamStaff just over a month ago, I have become steadily more assured that I have made the right decision and I am focusing my energies in those areas that I believe can have the greatest impact on

TeamStaff's growth and profitability. One key element on which I have concentrated on is the sales and marketing of TeamStaff's services, especially in our Medical Staffing division, TeamStaff Rx. TeamStaff Rx is one of the industry's strongest and one of TeamStaff's highest-potential business segments. We have identified significant opportunities to further expand our Medical Staffing business and take advantage of the growing demands we are seeing in the marketplace."

Mr. Smith continued, "This past quarter, our PEO division completed its consolidation onto a single, web-enabled operating platform. This should result in increased operating efficiencies and reduced expense. Additionally, the client self-service components of our new system should provide us an advantage over many of our competitors when we are marketing our PEO services."

Mr. Smith concluded, "TeamStaff now is in the process of enhancing its sales and marketing capabilities across all of its divisions, which, when coupled with the substantial improvements that have been made in our technology, I believe will result in our emerging from this rebuilding period with a very attractive company."

TeamStaff, Inc. will be holding its annual meeting of shareholders at the Marriott Hotel in Somerset, New Jersey, on Tuesday, August 12, 2003 at 9:00 a.m. Shareholders of record as of June 16, 2003 have been mailed an annual report and proxy materials.

About TeamStaff

Headquartered in Somerset, NJ, TeamStaff serves over 3,000 clients and over 45,000 employees throughout the United States as a full service provider of employer outsourcing and staffing solutions. Through its Professional Employer Organization, TeamStaff provides small and medium sized businesses throughout the nation with a better way to employ their people by delivering off-site, full-service human resource outsourcing solutions.

TeamStaff's comprehensive employer services include employment administration, benefits management, government compliance, recruiting and selection, employer liability management, training and development and performance management tools. TeamStaff's PEO ranks as one of the top PEOs in the nation.

In addition to its Professional Employer Organization, TeamStaff operates two other employer-outsourcing services. Through TeamStaff Rx, TeamStaff provides temporary and permanent medical staffing services throughout the country and is the largest provider of medical imaging personnel in its field.

TeamStaff also operates DSI, its niche payroll service bureau offering payroll services and payroll tax processing to over 700 clients and 30,000 employees, mostly in the construction industries in New York and New Jersey.

For more information, visit the TeamStaff web site at www.teamstaff.com .

The statements contained in this press release that are not historical facts are forward-looking statements that involve a number of risks and uncertainties. Therefore, the actual results of future events described in such forward-looking statements could differ materially from those stated in such forward-looking statements. Among those factors that could cause actual results to differ materially are: (i) regulatory and tax developments; (ii) changes in direct costs and operating expenses; (iii) the estimated costs and effectiveness of capital projects and investments in technology infrastructure; (iv) ability to effectively implement its e-business strategy and operating efficiency initiatives; (v) the effectiveness of sales and marketing efforts, including the company's marketing arrangements with other companies; and (vi) changes in the competitive environment in the PEO industry. These factors are described in further detail in TeamStaff's filings with the Securities and Exchange Commission.

For further information, please contact: T. Kent Smith, President & CEO of TeamStaff, Inc., +1-732-748-1700; or Christi Mottola, Managing Partner of Coffin, Mottola Communications, +1-949-851-1109, cmottola@aol.com, for TeamStaff, Inc.

TEAMSTAFF, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	FOR THE THREE MONTHS ENDED June 30, 2003 Unaudited	FOR THE THREE MONTHS ENDED June 30, 2002 AS RESTATED Unaudited
REVENUES	\$38,478,000	\$46,874,000
DIRECT EXPENSES	32,162,000	35,964,000
Gross profit	6,316,000	10,910,000
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	7,935,000	7,554,000
INTANGIBLE IMPAIRMENT WRITE DOWN	1,200,000	--
DEPRECIATION AND AMORTIZATION	293,000	355,000
Income (loss) from operations	(3,112,000)	3,001,000
OTHER INCOME (EXPENSE)		
Interest and other income	136,000	299,000
Interest and other expense	(11,000)	(60,000)
	125,000	239,000
Income (loss) before income tax	(2,987,000)	3,240,000
INCOME TAX BENEFIT (EXPENSE)	723,000	(1,202,000)
Net income (loss)	\$(2,264,000)	\$2,038,000
EARNINGS (LOSS) PER SHARE - BASIC & DILUTED	\$ (0.14)	\$0.13
BASIC AVERAGE SHARES OUTSTANDING	15,683,844	15,993,332
DILUTED AVERAGE SHARES OUTSTANDING	15,683,844	16,201,579

TEAMSTAFF, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	FOR THE NINE MONTHS ENDED June 30, 2003 Unaudited	FOR THE NINE MONTHS ENDED June 30, 2002 AS RESTATED Unaudited
REVENUES	\$118,795,000	\$136,097,000
DIRECT EXPENSES	100,376,000	109,699,000
Gross profit	18,419,000	26,398,000
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	22,408,000	21,291,000
GOODWILL IMPAIRMENT WRITE DOWN	20,396,000	--
INTANGIBLE IMPAIRMENT WRITE DOWN	6,900,000	--
DEPRECIATION AND AMORTIZATION	952,000	1,017,000
Income (loss) from operations	(32,237,000)	4,090,000
OTHER INCOME (EXPENSE)		

Interest and other income	464,000	887,000
Interest and other expense	(182,000)	(92,000)
	282,000	795,000
Income (loss) before tax	(31,955,000)	4,885,000
INCOME TAX BENEFIT (EXPENSE)	3,819,000	(1,776,000)
Net income (loss)	\$(28,136,000)	\$3,109,000
EARNINGS (LOSS) PER SHARE - BASIC & DILUTED	\$(1.79)	\$0.19
BASIC AVERAGE SHARES OUTSTANDING	15,742,981	16,023,712
DILUTED AVERAGE SHARES OUTSTANDING	15,742,981	16,221,953

TEAMSTAFF, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

FOR THE NINE MONTHS ENDED
JUNE 30,

	2003	2002 AS RESTATED
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$(28,136,000)	\$3,109,000
Adjustments to reconcile net (loss) income to net cash (used) provided by operating activities:		
Deferred income taxes	(1,481,000)	300,000
Depreciation and amortization	951,000	1,016,000
Pension amortization	612,000	44,000
Provision for doubtful accounts	333,000	403,000
Forgiveness of receivable from shareholder	--	90,000
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	4,982,000	(1,023,000)
Decrease (increase) in other current assets	1,116,000	(1,279,000)
Goodwill impairment write down	20,396,000	--
Intangible impairment write down	6,900,000	--
(Increase) decrease in other assets	(4,003,000)	154,000
(Decrease) in accounts payable, accrued payroll, accrued expenses and other current liabilities	(5,465,000)	(438,000)
Increase in pension liability	430,000	200,000
(Increase) in restricted cash	(885,000)	--
Net cash (used in) provided by operating activities	(4,250,000)	2,576,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment, leasehold improvements and software	(1,135,000)	(1,802,000)
Acquisitions of businesses, net of cash acquired	--	(848,000)
Earn out provision on prior acquisition	(250,000)	--
Net cash (used in) investing activities	(1,385,000)	(2,650,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on capital lease obligations	(39,000)	(39,000)
Net proceeds from the exercise of stock options and warrants	--	130,000
Repurchase of common shares	(782,000)	(780,000)
Net comprehensive expense on pension	(133,000)	(59,000)
Net cash (used in) financing activities	(954,000)	(748,000)
Net (decrease) in cash and cash equivalents	(6,589,000)	(822,000)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	12,455,000	13,725,000
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$5,866,000	\$12,903,000

SUPPLEMENTAL DISCLOSURE OF CASH FLOW
INFORMATION:

Cash paid during the period for interest	\$119,000	\$92,000
Cash paid during the period for income taxes	\$370,000	\$1,034,000

TEAMSTAFF, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	JUNE 30, 2003 (unaudited)	SEPTEMBER 30, 2002
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$5,866,000	\$12,455,000
Restricted cash	1,014,000	129,000
Accounts receivable, net of allowance for doubtful accounts of \$482,000 and \$262,000 at June 30, 2003 and September 30, 2002	19,207,000	24,522,000
Current deferred tax asset	--	1,791,000
Prepaid workers' compensation	2,802,000	2,341,000
Other current assets	2,761,000	2,547,000
Total current assets	31,650,000	43,785,000
EQUIPMENT AND IMPROVEMENTS		
Furniture and equipment	3,352,000	3,321,000
Computer equipment	2,521,000	2,411,000
Leasehold improvements	391,000	358,000
	6,264,000	6,090,000
Accumulated depreciation and amortization	(4,854,000)	(4,289,000)
	1,410,000	1,801,000
DEFERRED TAX ASSET	12,276,000	6,680,000
AMORTIZED INTANGIBLE ASSETS, net of accumulated amortization of \$1,820,000 and \$822,000 at June 30, 2003 and September 30, 2002	2,339,000	2,375,000
INDEFINITE LIFE INTANGIBLE ASSETS	4,209,000	11,109,000
GOODWILL	7,100,000	27,167,000
OTHER ASSETS	936,000	1,049,000
TOTAL ASSETS	\$59,920,000	\$93,966,000

TEAMSTAFF, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

JUNE 30,
2003

SEPTEMBER 30,
2002

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Current portion of long-term debt	\$38,000	\$59,000
Accounts payable	2,201,000	3,832,000
Accrued payroll	14,779,000	16,669,000
Accrued expenses and other current liabilities	4,877,000	6,793,000
Total current liabilities	21,895,000	27,353,000

LONG-TERM DEBT, net of current portion

129,000	147,000
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ACCRUED PENSION LIABILITY

1,701,000	1,271,000
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OTHER LONG TERM LIABILITIES

428,000	456,000
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 Total liabilities

24,153,000	29,227,000
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COMMITMENTS AND CONTINGENCIES

SHAREHOLDERS' EQUITY

Preferred stock, \$.10 par value; authorized 5,000,000 shares; 0 issued and outstanding

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Common Stock, \$.001 par value; authorized 40,000,000 shares; issued 16,256,642 and

 16,229,142; outstanding

 15,675,172

 and 15,906,886

16,000	16,000
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Additional paid-in capital

65,279,000	65,200,000
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Retained (deficit) earnings

(26,823,000)	1,313,000
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Accumulated comprehensive losses

(275,000)	(142,000)
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Treasury Stock, 581,470 and 330,256 shares at cost

(2,430,000)	(1,648,000)
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 Total shareholders' equity

35,767,000	64,739,000
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

\$59,920,000	\$93,966,000
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