

## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549  
-----FORM 8-K  
CURRENT REPORTPursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934Date of Report (Date of earliest event reported) December 21, 2004  
-----TEAMSTAFF, INC.  
-----

(Exact name of Registrant as specified in charter)

New Jersey	0-18492	22-1899798
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(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  
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(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions

Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On December 21, 2004, TeamStaff, Inc. (the "Registrant") announced by press release its earnings for the fourth quarter and fiscal year ended September 30, 2004. A copy of the press release is attached hereto as Exhibit 99.1. The information in this Current Report shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

## Item 7.01 REGULATION FD DISCLOSURE

The disclosure contained in Item 2.02 above is hereby incorporated by reference.

## Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

Exhibit 99.1 Press Release of TeamStaff, Inc. dated December 21, 2004, announcing earnings for the fourth quarter and fiscal year ended September 30, 2004.

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: December 21, 2004

TEAMSTAFF, INC.  
(Registrant)By: /s/ Edmund C. Kenealy  
Edmund C. Kenealy,  
Vice President, General Counsel



[TEAMSTAFF LOGO]

CONTACT INFORMATION:

TEAMSTAFF, INC.  
300 Atrium Drive  
Somerset, NJ 08873  
(732) 748-1700  
T. KENT SMITH, PRESIDENT & CEO

CCG INVESTOR RELATIONS  
15300 Ventura Boulevard, Suite 303  
Sherman Oaks, CA 91403  
(818) 789 0100  
CROCKER COULSON  
PARTNER

TEAMSTAFF ANNOUNCES FOURTH FISCAL QUARTER  
AND FISCAL YEAR 2004 FINANCIAL RESULTS

Somerset, NJ - December 21, 2004 - TeamStaff, Inc. (NASDAQ: TSTF), one of the nation's leading providers of healthcare staffing and specialty payroll services, today announced financial results for the quarter and fiscal year ended September 30, 2004. As a result of TeamStaff's sale of its Professional Employer Organization (PEO) segment on November 17, 2003, all results reported in this release have been reclassified to show PEO operations and certain related corporate expenses as discontinued operations.

TeamStaff's revenues from continuing operations for the three months ended September 30, 2004 were \$9.1 million, which was comprised of \$8.0 million from medical staffing services and \$1.1 million from payroll services. This is compared to \$13.3 million in the comparable quarter last year, which was comprised of \$12.2 million from medical staffing services and \$1.1 million from payroll services. Sequentially, quarterly revenues from continuing operations of \$9.1 million decreased from \$9.6 million in the third quarter of fiscal 2004, which was comprised of \$8.5 million from medical staffing services and \$1.1 million from payroll services.

Commenting on the medical staffing industry, TeamStaff's President and CEO, T. Kent Smith, stated, "During our fourth fiscal quarter, hospitals and other facilities continued to offer additional hours to permanent staff. Weakness in admissions caused many hospitals to continue to rely less on higher-cost travelers. This increased utilization of permanent staff also slowed the re-entry of travelers into the market. We have seen that many professionals who once traveled for temporary positions are more likely to accept a permanent position until they feel comfortable that they will be offered another acceptable temporary position at the end of their current assignment. However, given demographic realities and legislative initiatives, we remain very optimistic about the business fundamentals and are better positioned than ever for a rebound in temporary medical staffing."

Gross profit was \$2.3 million, or 25.0% of revenues, in the fourth quarter of fiscal 2004 as compared to \$2.6 million or 19.5% of revenues in the fourth quarter of fiscal 2003. Sequentially, this compares with gross profit of \$2.3 million or 23.9% of revenues in the third quarter of fiscal 2004. The increase in gross profit percentage relates to the higher-margin payroll processing division being a larger component of total revenue, as well as to higher margins realized in the medical staffing division. In the fourth quarter of fiscal 2004, gross margin in the medical staffing division increased over 4.0 percentage points over the comparable quarter in fiscal 2003. The increase in medical staffing gross margins was driven by more prudent expense management and selective price increases.

Operating expenses of \$2.5 million decreased \$0.4 million, or 15%, in the fourth quarter of fiscal 2004 as compared to the corresponding quarter of fiscal 2003, and decreased \$0.5 million, or 17%, as compared to the third quarter of fiscal 2004. The year-over-year decrease in quarterly expenses was driven by lower employee headcount. The sequential decrease was driven by the absence of SERP expense related to the former CEO and CFO, the reversal of \$0.1 million of excess bad debt reserves and lower employee headcount. TeamStaff's loss from continuing operations was \$0.1 million, or (\$0.01) per share for the quarter ended September 30, 2004, compared to a loss of \$0.2 million, or (\$0.01) per share, in the same quarter of last year and \$0.4 million, or (\$0.03) cents per share, in the third quarter of fiscal 2004. These results were within the guidance provided by TeamStaff on August 2, 2004, and confirmed on November 8, 2004, and represent the second consecutive quarter of reduced loss from continuing operations. Net loss, including discontinued operations, was \$0.4 million, or (\$0.03) per share, compared to a net loss of \$0.7 million, or (\$0.05) per share, in the fourth quarter of last year and \$0.9 million, or (\$0.05) per share, in the third quarter of fiscal 2004. The net loss was affected by a \$0.2 million, or (\$0.02) per share, loss from discontinued operations in the fourth quarter of 2004 and a \$0.6 million, or (\$0.04) per share, loss from discontinued operations in the fourth quarter of fiscal 2003. It compares sequentially with a \$0.4 million, or (\$0.02) per share, loss from discontinued operations in the third quarter of fiscal 2004.

TeamStaff's revenues from continuing operations for the year ended September 30, 2004 were \$37.3 million compared to \$62.8 million last year. Fiscal 2004 revenues were comprised of \$32.9 million from medical staffing and \$4.4 million from payroll services. Fiscal 2003 revenues were comprised of \$58.1 million from medical staffing and \$4.7 million from payroll services. As noted above, the decrease relates primarily to trends in the medical staffing industry. Operating expenses for the year ended September 30, 2004 decreased \$3.2 million, or 22%,

compared to last year. The decrease, as stated above, was primarily attributable to lower severance and retirement benefits related to the former CEO and CFO, approximating \$2.0 million, as well as the previously mentioned reduction in employee headcount. Loss from continuing operations was \$1.8 million, or (\$0.11) per share, compared to \$1.5 million, or (\$0.10) per share, last year. Net loss, including discontinued operations, was \$4.1 million, or (\$0.26) per share, compared to a net loss of \$28.9 million, or (\$1.84) per share, last year. The net loss includes a \$2.3 million, or (\$0.15) per share, loss from discontinued operations in fiscal 2004 and a \$27.4 million, or (\$1.74) per share, loss from discontinued operations in fiscal 2003.

Commenting on TeamStaff's overall 2004 performance, Mr Smith stated, "Fiscal year 2004 was a year of transition for TeamStaff. We sold our PEO and temporary technical staffing businesses, restructured our medical staffing sales model, forged complementary alliances, developed a vendor management offering, and added significantly to the senior management ranks of our TeamStaff Rx division. At the same time, we made great strides operationally by reducing annualized corporate overhead by over 40% and added liquidity to our balance sheet by freeing up nearly \$3 million of workers' compensation overfunding. These accomplishments throughout fiscal 2004, along with the recent successful private placement of almost 2.4 million shares of our common stock, will provide a solid foundation in helping us achieve our 2005 targets. Our recent acquisition of the nurse staffing business of Nursing Innovations, which helps us meet our target of acquiring complementary staffing organizations, sets us up well to make additional strategic acquisitions and capitalize on an industry turnaround."

About TeamStaff, Inc.

Headquartered in Somerset, New Jersey, TeamStaff serves clients and their employees throughout the United States as a full-service provider of payroll and medical staffing solutions.

TeamStaff Rx provides medical allied health professionals and nurses to doctors' offices and medical facilities throughout the United States on a temporary or permanent basis and offers programs and services designed to assist medical facilities in managing their temporary staffing costs. DSi Payroll Services, TeamStaff's payroll processing division, provides customized payroll management and tax filing services to select industries, such as construction and general contracting.

For more information, visit the TeamStaff web site at [www.teamstaff.com](http://www.teamstaff.com).

This press release contains "forward-looking statements" as defined by the Federal Securities Laws. TeamStaff's actual results could differ materially from those described in such forward-looking statements as a result of certain risk factors, including but not limited to: (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 business strategies and operating efficiency initiatives, including, but not limited to, its business, acquisition and growth strategy for TeamStaff Rx; (v) ability to complete potential acquisitions and integrate them effectively; (vi) the effectiveness of sales and marketing efforts, including TeamStaff's marketing arrangements with other companies; (vii) ability to retain qualified management personnel; (viii) changes in the competitive environment in the temporary staffing and payroll processing industry, including competition for qualified temporary medical staffing personnel; (ix) the favorable or unfavorable development of workers' compensation claims covered under TeamStaff's workers' compensation programs; and (x) other one-time events and other important factors disclosed previously and from time to time in TeamStaff's filings with the U.S. Securities and Exchange Commission. These factors are described in further detail in TeamStaff's filings with the U.S. Securities and Exchange Commission.

(financial tables follow)

TEAMSTAFF, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(AMOUNTS IN THOUSANDS)

	September 30, 2004	September 30, 2003
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ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,060	\$ 4,329
Restricted cash	1,800	1,264
Accounts receivable, net of allowance for doubtful accounts of \$39 and \$142 at September 30, 2004 and 2003, respectively	3,013	4,926
Prepaid workers' compensation	1,000	963
Deferred tax asset	90	-
Other current assets	1,267	1,447

Total current assets	10,230	12,929
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EQUIPMENT AND IMPROVEMENTS		
Furniture and equipment	2,795	2,795
Computer equipment	367	367
Computer software	1,120	1,101
Leasehold improvements	224	224
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Accumulated depreciation and amortization	4,506	4,487
	(3,589)	(3,180)
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Equipment and improvements, net	917	1,307
DEFERRED TAX ASSET, net of current portion	16,723	14,875
TRADENAME	4,199	4,199
GOODWILL	1,710	1,710
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OTHER ASSETS		
Prepaid workers compensation, net of current portion	3,341	2,682
Other assets	309	555
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Total other assets	3,650	3,237
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	37,429	38,257
ASSETS FROM DISCONTINUED OPERATIONS	-	22,360
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TOTAL ASSETS	\$37,429	\$60,617
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Certain reclassifications have been made to prior years amounts to conform to the current year presentation

TEAMSTAFF, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(AMOUNTS IN THOUSANDS)

	September 30, 2004	September 30, 2003
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 112	\$ 61
Accounts payable	731	669
Accrued payroll	782	2,856
Accrued pension liability	588	776
Deferred tax liability	-	538
Accrued workers' compensation	1,626	1,653
Accrued expenses and other current liabilities	770	1,528
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Total current liabilities	4,609	8,081
LONG-TERM DEBT, net of current portion	24	94
ACCRUED PENSION LIABILITY, net of current portion	840	948
LIABILITIES FROM DISCONTINUED OPERATIONS	963	16,384
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Total liabilities	6,436	25,507
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COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, \$.10 par value; authorized 5,000 shares; 0 issued and outstanding	-	-
Common Stock, \$.001 par value; authorized 40,000 shares; issued 15,721 and 16,267 at September 30, 2004 and 2003, respectively; outstanding 15,714 and 15,714 at September 30, 2004 and 2003, respectively	16	16
Additional paid-in capital	62,963	65,256
Retained (deficit) earnings	(31,651)	(27,572)
Accumulated comprehensive losses	(311)	(273)
Treasury Stock, 7 and 553 shares at cost at September 30, 2004 and 2003 respectively	(24)	(2,317)
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Total shareholders' equity	30,993	35,110
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$37,429	\$60,617
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TEAMSTAFF, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

FOR THE THREE MONTHS ENDED

FOR THE YEAR ENDED

	September 30, 2004	September 30, 2003	September 30, 2004	September 30, 2003
REVENUES	\$ 9,110	\$ 13,316	\$ 37,288	\$ 62,805
DIRECT EXPENSES	6,829	10,713	28,545	50,615
Gross profit	2,281	2,603	8,743	12,190
OPERATING EXPENSES	2,457	2,899	11,371	14,594
DEPRECIATION AND AMORTIZATION	109	91	409	329
Loss from operations	(285)	(387)	(3,037)	(2,733)
OTHER INCOME (EXPENSE)				
Interest income	4	10	38	63
Interest expense	(10)	(25)	(81)	(220)
Other Income	60	114	232	538
	54	99	189	381
Loss before tax	(231)	(288)	(2,848)	(2,352)
INCOME TAX BENEFIT	86	123	1,083	861
Loss from continuing operations	(145)	(165)	(1,765)	(1,491)
LOSS FROM DISCONTINUED OPERATIONS:				
Loss from operations, net of tax benefit (expense) of \$150, \$(66), \$856 and \$3,015 for the quarters and years ended September 30, 2004 and 2003, respectively	(241)	(584)	(1,387)	(27,394)
Loss from disposal, net of tax benefit of \$4, \$0, \$575, and \$0 for the quarters and years ended September 30, 2004 and 2003, respectively	(6)	--	(927)	--
	(247)	(584)	(2,314)	(27,394)
Net loss	\$ (392)	\$ (749)	\$ (4,079)	\$ (28,885)
LOSS PER SHARE - BASIC & DILUTED				
Loss from continuing operations	\$ (0.01)	\$ (0.01)	\$ (0.11)	\$ (0.10)
Loss from discontinued operations	(0.02)	(0.04)	(0.15)	(1.74)
Net loss	\$ (0.03)	\$ (0.05)	\$ (0.26)	\$ (1.84)
BASIC AVERAGE SHARES OUTSTANDING	15,714	15,732	15,714	15,732
DILUTED AVERAGE SHARES OUTSTANDING	15,714	15,732	15,714	15,732

Certain reclassifications have been made to prior years amounts to conform to the current year presentation