

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) February 17, 2004

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 February 17, 2004.

ITEM 12: RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On February 17, 2004, TeamStaff, Inc. (the "Registrant") issued a press release announcing results for the fiscal quarter ended December 31, 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: February 17, 2004

TEAMSTAFF, INC.
(Registrant)

By /s/ Edmund C. Kenealy

Edmund C. Kenealy
Vice President, General Counsel
and Secretary

[TEAMSTAFF LOGO OMITTED]

CONTACT INFORMATION:

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

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TEAMSTAFF ANNOUNCES FIRST QUARTER 2004 FINANCIAL RESULTS
AND PROGRESS ON POST-RESTRUCTURING GROWTH PLANS

Somerset, NJ - February 17, 2004- TeamStaff, Inc. (NASDAQ: TSTF), one of the nation's leading providers of healthcare staffing and specialty payroll services, today announced that it has filed its Form 10-Q for the fiscal quarter ended December 31, 2003. Additionally, TeamStaff announced financial results for the quarter ended December 31, 2003. As a result of TeamStaff's sale of its Professional Employer Organization (PEO) segment, all results reported in this release have been reclassified to show PEO and certain related corporate expenses as discontinued operations.

"As our restructuring strategy gains momentum, critical milestones were achieved during the first quarter of fiscal 2004. These milestones are essential steps toward repositioning the company for a return to profitability," said T. Kent Smith, TeamStaff's President and CEO.

First Quarter highlights included:

- o Sale of PEO division - provided \$7 million of upfront cash; up to \$2.5 million currently in escrow to be released after a 90 day determination period; potential return of up to \$5 million in prepaid workers' compensation premiums as well as reduced Letter of Credit requirements as the program runs off over the next several years.
- o New President of TeamStaff Rx - TeamStaff hired Tim Nieman in December of 2003 to run its medical staffing division.
- o Expanded sales force - TeamStaff is in the process of tripling its medical staffing division sales force. The added investment in sales will emphasize relationships and constant interaction with prospective and existing clients.

- o Introduction of our vendor integration program (VIP). This web-based application provides one-stop shopping for our clients. VIP centralizes the management of our customers' multiple orders, invoices, vendors and locations freeing them of associated paperwork while providing significant cost savings.
- o We are pursuing alliances and sub-contracting relationships with national travel and per diem nursing firms.

TeamStaff's revenues from continuing operations for the three months ended December 31, 2003 were \$9.7 million, compared with \$18.5 million in the first quarter last year. The 47% decrease relates to lower revenues in our medical staffing division. We believe this relates to current economic conditions, in that hospitals have experienced lower admissions and have stretched their current permanent staff. This, in turn, has led to less demand for temporary healthcare professionals. Longer term, we believe the demand for temporary personnel will increase, driven in part by an aging population and an improving economy. Additionally, we are substantially expanding our sales and marketing efforts in order to increase our contact with current and prospective clients and gain market share in the relatively high-margin healthcare and allied staffing segments..

TeamStaff's loss from continuing operations was \$0.5 million or (\$0.04) per share in the first quarter of fiscal 2004 compared to earnings of \$0.03 million or \$0.02 per share in the first quarter of fiscal 2003.

Net loss, including discontinued operations, was \$1.8 million or (\$0.12) per share compared to profit of \$0.1 million or \$0.01 per share in the first quarter of fiscal 2003. The net loss for the first quarter of fiscal 2004 was affected by a \$1.3 million loss or (\$0.08) per share from discontinued operations and disposal of the PEO business segment, compared to \$0.2 million loss or (\$0.01) loss per share from discontinued operations in the first quarter of 2003.

Commenting on TeamStaff's first quarter performance, Mr. Smith stated, "Although our first quarter results were well below last year's, we met our internal targets. They are consistent with where we are in our turnaround strategy, as well as consistent with a temporary downturn in the medical staffing industry. We firmly believe that execution on our initiatives, coupled with an improving economy, will drive our return to profitability in the fourth quarter of fiscal 2004."

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.

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 new business strategy for TeamStaff Rx; (v) the effectiveness of sales and marketing efforts, including TeamStaff's marketing arrangements with other companies; (vi) changes in the competitive environment in the temporary staffing and payroll processing industry; and (vii) 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.

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

(Financial tables follow)

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TEAMSTAFF, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	FOR THE THREE MONTHS ENDED	
	December 31, 2003 (unaudited)	December 31, 2002 (unaudited)
REVENUES	\$ 9,738	\$ 18,457
DIRECT EXPENSES	7,508	14,934
Gross profit	2,230	3,523
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,074	3,120
DEPRECIATION AND AMORTIZATION	73	74
(Loss) income from operations	(917)	329
OTHER INCOME (EXPENSE)		
Interest income	5	24
Interest expense	(27)	(66)
Other Income	71	171
	49	129
(Loss) income before tax	(868)	458
INCOME TAX BENEFIT (EXPENSE)	330	(185)
(Loss) income from continuing operations	(538)	273
(LOSS) FROM DISCONTINUED OPERATIONS:		
(Loss) from operations, net of tax benefit to \$325 and \$183 for the quarters ended December 31, 2003 and 2002, respectively	(530)	(188)
(Loss) from disposal, net of tax benefit to \$483 and \$0 for the quarters ended December 31, 2003 and 2002, respectively	(779)	-
	(1,309)	(188)
Net (loss) income	\$(1,847)	\$ 85
EARNINGS (LOSS) PER SHARE - BASIC & DILUTED		
(Loss) income from continuing operations	\$ (0.04)	\$ 0.02
(Loss) from discontinued operations	(0.08)	(0.01)
Net (loss) income	\$ (0.12)	\$ 0.01
BASIC AVERAGE SHARES OUTSTANDING	15,714	15,791
DILUTED AVERAGE SHARES OUTSTANDING	15,714	15,793

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

	December 31, 2003 (unaudited)	September 30, 2003
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,294	\$ 4,329
Restricted cash	3,629	1,264
Accounts receivable, net of allowance for doubtful accounts of \$209 and \$142 at December 31, 2003 and September 30, 2003, respectively	3,969	4,926
Prepaid workers' compensation	5,033	3,645
Other current assets	2,889	1,447
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Total current assets	19,814	15,611
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EQUIPMENT AND IMPROVEMENTS		
Furniture and equipment	2,795	2,628
Computer equipment	368	1,073
Computer software	1,120	1,060
Leasehold improvements	224	146
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	4,507	4,907
Accumulated depreciation and amortization	(3,253)	(3,689)
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	1,254	1,218
DEFERRED TAX ASSET		
	16,542	14,875
TRADENAME		
	4,199	4,199
GOODWILL		
	1,710	1,710
OTHER ASSETS		
	294	555
ASSETS HELD FOR SALE		
	1,167	22,449
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TOTAL ASSETS	\$ 44,980	\$ 60,617
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TEAMSTAFF, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS)

	December 31, 2003 (unaudited) -----	September 30, 2003 -----
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 60	\$ 61
Accounts payable	1,313	669
Accrued payroll	2,977	2,856
Deferred tax liability	1,053	538
Accrued expenses and other current liabilities	2,218	3,181
	-----	-----
Total current liabilities	7,621	7,305
LONG-TERM DEBT, net of current portion	82	94
ACCRUED PENSION LIABILITY	1,338	1,724
LIABILITIES HELD FOR SALE	2,672	16,384
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Total liabilities	11,713	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 December 31, 2003 and September 30, 2003 respectively; outstanding 15,714 and 15,714 at December 31, 2003 and September 30, 2003, respectively	16	16
Additional paid-in capital	62,962	65,256
Retained (deficit) earnings	(29,419)	(27,572)
Accumulated comprehensive losses	(269)	(273)
Treasury Stock, 7 and 553 shares at cost at December 31, 2003 and September 30, 2003, respectively	(23)	(2,317)
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Total shareholders' equity	33,267	35,110
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 44,980	\$ 60,617
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