

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

/X/ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities
--- Exchange Act of 1934

For The Six Months Ended May 1, 2005.

Or

// Transition Report Pursuant to Section 13 or 15(d) of the Securities
--- Exchange Act of 1934

For the transition period from _____ to

Commission File No. 1-9232

VOLT INFORMATION SCIENCES, INC.

(Exact name of registrant as specified in its charter)

New York

13-5658129

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

560 Lexington Avenue, New York, New York 10022

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (212) 704-2400

Not Applicable

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the Registrant's common stock, \$.10 par value, outstanding as of June 3, 2005 was 15,325,080.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
FORM 10-Q
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PART I - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Six Months Ended		Three Months Ended		
	May 1, 2005	May 2, 2004(a)	May 1, 2005	May 2, 2004(a)	
		(Restated)	(Restated)		
	(In thousands, except per share data)				
<S>	<C>	<C>	<C>	<C>	
NET SALES	\$1,043,880	\$892,438	\$546,045	\$478,479	
COST AND EXPENSES:					
Cost of sales	974,496	834,087	506,323	444,239	
Selling and administrative	43,023	37,952	22,199	19,047	
Depreciation and amortization	15,027	12,370	7,527	6,215	
	1,032,546	884,409	536,049	469,501	
OPERATING PROFIT	11,334	8,029	9,996	8,978	
OTHER INCOME (EXPENSE):					
Interest income	1,122	431	562	202	
Other expense - net	(1,868)	(1,860)	(852)	(1,115)	
Foreign exchange loss - net	(260)	(70)	(98)	(94)	
Interest expense	(954)	(880)	(442)	(423)	
Income from continuing operations before minority interest and income taxes	9,374	5,650	9,166	7,548	
Minority interest	(3,253)	-	(1,759)	-	

Income before income taxes	6,121	5,650	7,407	7,548
Income tax provision	(2,402)	(2,195)	(2,880)	(2,940)
Income from continuing operations	3,719	3,455	4,527	4,608
Discontinued operations- sale of real estate, net of taxes	-	9,520	-	9,520
NET INCOME	\$3,719	\$12,975	\$4,527	\$14,128

</TABLE>

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<CAPTION>

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)--Continued

	Six Months Ended		Three Months Ended	
	May 1, 2005	May 2, 2004(a)	May 1, 2005	May 2, 2004(a)
	(Restated)		(Restated)	
	Per Share Data			
<S>	<C>	<C>	<C>	<C>
Basic:				
Income from continuing operations	\$0.24	\$0.23	\$0.30	\$0.31
Discontinued operations-sale of real estate		0.62		0.62
Net income	\$0.24	\$0.85	\$0.30	\$0.93
Weighted average number of shares	15,307	15,223	15,324	15,224
Diluted:				
Income from continuing operations	\$0.24	\$0.23	\$0.29	\$0.30
Discontinued operations-sale of real estate		0.62		0.62
Net income	\$0.24	\$0.85	\$0.29	\$0.92
Weighted average number of shares	15,444	15,313	15,446	15,336

</TABLE>

(a) As reported, the Company has restated its previously issued financial statements for fiscal years 2000 through the second quarter of fiscal 2004 as a result of inappropriate application of accounting principles for revenue recognition by its telephone directory publishing operation in Uruguay. The restatement involved only the timing of when certain advertising revenue and related costs and expenses are recognized, and the cumulative results of the Company did not change. Accordingly, sales have been increased by \$2.5 million and \$1.2 million and the net income has been increased by \$0.7 million and \$0.4 million, or \$0.05 per share and \$0.03 per share, for the six and three months ended May 2, 2004.

See accompanying notes to condensed consolidated financial statements.

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

May 1, October 31,
2005 2004(a)

	-----	-----	
	(In thousands, except share data)		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents including restricted cash of \$26,421 (2005) and \$43,722 (2004)	\$88,614	\$88,031	
Short-term investments	3,900	4,248	
Trade accounts receivable less allowances of \$9,798 (2005) and \$10,210 (2004)	391,868	409,130	
Inventories	32,660	32,676	
Recoverable income taxes	2,683	-	
Deferred income taxes	9,660	9,385	
Prepaid expenses and other assets	19,069	14,847	
	-----	-----	
TOTAL CURRENT ASSETS	548,454	558,317	
Investment in securities	90	100	
Property, plant and equipment-net	81,362	85,038	
Deposits and other assets	2,071	1,439	
Goodwill	29,144	29,144	
Intangible assets-net of accumulated amortization of \$839 (2005) and \$288 (2004)	15,447	15,998	
	-----	-----	
TOTAL ASSETS	\$676,568	\$690,036	
	=====	=====	
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Notes payable to banks	\$4,007	\$7,955	
Current portion of long-term debt	2,330	399	
Accounts payable	180,541	192,163	
Accrued wages and commissions	51,500	54,200	
Accrued taxes other than income taxes	19,304	17,729	
Other accruals	31,913	36,036	
Deferred income and other liabilities	37,651	36,909	
Income tax payable	4,270	-	
	-----	-----	
TOTAL CURRENT LIABILITIES	327,246	349,661	
Accrued insurance	4,478	86	
Long-term debt	13,518	15,588	
Deferred income taxes	10,721	11,764	
Minority interest	39,673	36,420	
STOCKHOLDERS' EQUITY			
Preferred stock, par value \$1.00; Authorized--500,000 shares; issued--none			
Common stock, par value \$.10; Authorized--30,000,000 shares; issued-- 15,323,955 shares (2005) and 15,282,625 shares (2004)	1,532	1,528	
Paid-in capital	43,382	42,453	
Retained earnings	236,433	232,714	
Accumulated other comprehensive loss	(415)	(178)	
	-----	-----	
TOTAL STOCKHOLDERS' EQUITY	280,932	276,517	
	-----	-----	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$676,568	\$690,036	
	=====	=====	

(a) The balance sheet at October 31, 2004 has been derived from the audited financial statements at that date.

See accompanying notes to condensed consolidated financial statements.

(UNAUDITED)

Six Months Ended

May 1, May 2,
2005 2004

(Restated)
(In thousands)

CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES

Net income	\$3,719	\$12,975	
Adjustments to reconcile net income to cash provided by (applied to) operating activities:			
Minority interest	3,253	-	
Income from discontinued operations-sale of real estate	-	(9,520)	
Depreciation and amortization	15,027	12,370	
Accounts receivable provisions	1,902	1,815	
Loss (gain) on foreign currency translation		40	(13)
Deferred income tax benefit	(1,215)	(96)	
Loss (gain) on disposition of fixed assets		85	(114)
Changes in operating assets and liabilities:			
Accounts receivable	5,903	(35,222)	
Securitization of accounts receivable		10,000	(20,000)
Inventories	16	5,850	
Prepaid expenses and other current assets		(4,117)	(1,490)
Other assets	(631)	794	
Accounts payable	(11,996)	14,382	
Accrued expenses	(949)	13,356	
Deferred income and other liabilities		601	3,211
Income taxes payable	(6,953)	750	
	-----	-----	
NET CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES	14,685	(952)	

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)--CONTINUED

Six Months Ended

May 1, May 2,
2005 2004

(Restated)
(In thousands)

CASH PROVIDED BY (APPLIED TO) INVESTING ACTIVITIES

Sales of investments	\$814	\$916	
Purchases of investments	(413)	(881)	
Proceeds from disposals of property, plant and equipment	673	147	
Proceeds from sale of real estate (discontinued operations)	-	18,500	
Purchases of property, plant and equipment	(11,559)	(16,822)	
	-----	-----	
NET CASH (APPLIED TO) PROVIDED BY INVESTING ACTIVITIES	(10,485)	1,860	

CASH (APPLIED TO) PROVIDED BY FINANCING ACTIVITIES

Payment of long-term debt	(195)	(182)	
Exercise of stock options	933	100	
Decrease in notes payable to bank	(4,135)	(158)	
	-----	-----	
NET CASH APPLIED TO FINANCING ACTIVITIES	(3,397)	(240)	

Effect of exchange rate changes on cash	(220)	194	
	-----	-----	

NET INCREASE IN CASH AND CASH EQUIVALENTS 583 862

Cash and cash equivalents, including restricted cash, beginning of period	88,031	62,057
	-----	-----

CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH END OF PERIOD	\$88,614	\$62,919
	=====	=====

SUPPLEMENTAL INFORMATION

Cash paid during the period:		
Interest expense	\$1,108	\$883
Income taxes	\$10,417	\$1,700

See accompanying notes to condensed consolidated financial statements.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note A--Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's consolidated financial position at May 1, 2005 and consolidated results of operations for the six and three months ended May 1, 2005 and May 2, 2004 and consolidated cash flows for the six months ended May 1, 2005 and May 2, 2004.

As reported, the Company has restated its previously issued financial statements for fiscal years 2000 through the second quarter of fiscal 2004 as a result of inappropriate application of accounting principles for revenue recognition by its telephone directory publishing operation in Uruguay. The operation in Uruguay printed its Montevideo directory each year during the October - November time frame, and the Company has determined that revenue should have been recognized based upon the distribution of the directories. The restatement involves only the timing of when certain advertising revenue and related costs and expenses are recognized, and the cumulative results of the Company do not change. All prior year information included in these financial statements has been restated to reflect the corrected information.

The Company has elected to follow Accounting Principles Board ("APB") Opinion 25, "Accounting for Stock Issued to Employees," to account for its Non-Qualified Stock Option Plan under which no compensation cost is recognized because the option exercise price is equal to at least the market price of the underlying stock on the date of grant. Had compensation cost for these plans been determined at the grant dates for awards under the alternative accounting method provided for in Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment of FASB Statement No. 123," net income and earnings per share, on a pro forma basis, would have been:

<TABLE>
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	Six Months Ended		Three Months Ended	
	May 1, 2005	May 2, 2004	May 1, 2005	May 2, 2004
	-----	-----	-----	-----
		(Restated)		(Restated)
		(Dollars in thousands, except per share data)		
<S>	<C>	<C>	<C>	<C>
Net income as reported	\$3,719	\$12,975	\$4,527	\$14,128
Pro forma compensation expense, net of taxes	(56)	(71)	(25)	(32)

Pro forma net income	\$3,663	\$12,904	\$4,502	\$14,096
Pro forma income per share				
Basic	\$0.24	\$0.85	\$0.29	\$0.93
Diluted	\$0.24	\$0.84	\$0.29	\$0.92

</TABLE>

The fair value of each option grant is estimated using the Multiple Black-Scholes option pricing model, with the following weighted-average assumptions used for grants in fiscal 2004: risk-free interest rates of 2.5%; expected volatility of .51; an expected life of the options of five years; and no dividends. The weighted-average fair value of stock options granted during fiscal 2004 was \$11.49. There were no options granted in fiscal 2005.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)--CONTINUED

Note A--Basis of Presentation--Continued

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123R, "Share-Based Payment," which replaces the superseded SFAS No. 123, "Accounting for Stock-Based Compensation." This Statement requires that all entities apply a fair-value-based measurement method in accounting for share-based payment transactions with employees and suppliers when the entity acquires goods or services. The provisions of this Statement are required to be adopted by the Company beginning October 31, 2005. The Company is currently assessing the impact that the adoption will have on the Company's consolidated financial position and results of operations.

These statements should be read in conjunction with the financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended October 31, 2004. The accounting policies used in preparing these financial statements are the same as those described in that Report. The Company's fiscal year ends on the Sunday nearest October 31.

Note B--Securitization Program

In April 2005, the Company amended its \$150.0 million accounts receivable securitization program ("Securitization Program") to provide that the expiration date be extended from April 2006 to April 2007. Under the Securitization Program, receivables related to the United States operations of the staffing solutions business of the Company and its subsidiaries are sold from time-to-time by the Company to Volt Funding Corp., a wholly owned special purpose subsidiary of the Company ("Volt Funding"). Volt Funding, in turn, sells to Three Rivers Funding Corporation ("TRFCO"), an asset backed commercial paper conduit sponsored by Mellon Bank, N.A. and unaffiliated with the Company, an undivided percentage ownership interest in the pool of receivables Volt Funding acquires from the Company (subject to a maximum purchase by TRFCO in the aggregate of \$150.0 million). The Company retains the servicing responsibility for the accounts receivable. At May 1, 2005, TRFCO had purchased from Volt Funding a participation interest of \$80.0 million out of a pool of approximately \$256.4 million of receivables.

The Securitization Program is not an off-balance sheet arrangement as Volt Funding is a 100% owned consolidated subsidiary of the Company. Accounts receivable are only reduced to reflect the fair value of receivables actually sold. The Company entered into this arrangement as it provided a low-cost alternative to other financing.

The Securitization Program is designed to enable receivables sold by the Company to Volt Funding to constitute true sales of those receivables. As a result, the receivables are available to satisfy Volt Funding's own obligations to its own creditors before being available, through the Company's residual equity interest in Volt Funding, to satisfy the Company's creditors. TRFCO has no recourse to the Company (beyond its interest in the pool of receivables owned by Volt Funding) for any of the sold receivables.

In the event of termination of the Securitization Program, new purchases of a participation interest in receivables by TRFCO would cease and collections reflecting TRFCO's interest would revert to it. The Company believes TRFCO's aggregate collection amounts should not exceed the pro rata interests sold. There are no contingent liabilities or commitments associated with the Securitization Program.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)--CONTINUED

Note B--Securitization Program--Continued

The Company accounts for the securitization of accounts receivable in accordance with SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." At the time a participation interest in the receivables is sold, the receivable representing that interest is removed from the condensed consolidated balance sheet (no debt is recorded) and the proceeds from the sale are reflected as cash provided by operating activities. Losses and expenses associated with the transactions, primarily related to discounts incurred by TRFCO on the issuance of its commercial paper, are charged to the consolidated statement of operations.

The Company incurred charges, related to the Securitization Program, of \$1.3 million and \$0.8 million in the six and three months ended May 1, 2005, respectively, compared to \$0.9 million and \$0.6 million in the six and three months ended May 2, 2004 respectively, which are included in Other Expense on the condensed consolidated statement of operations. The equivalent cost of funds in the Securitization Program were 4.1% per annum and 2.9% per annum in the six-month 2005 and 2004 fiscal periods, respectively. The Company's carrying retained interest in the receivables approximated fair value due to the relatively short-term nature of the receivable collection period. In addition, the Company performed a sensitivity analysis, changing various key assumptions, which also indicated that the retained interest in receivables approximated fair values.

At May 1, 2005 and October 31, 2004, the Company's carrying retained interest in a revolving pool of receivables was approximately \$175.8 million and \$178.2 million, respectively, net of a service fee liability, out of a total pool of approximately \$256.4 million and \$248.7 million, respectively. The outstanding balance of the undivided interest sold to TRFCO was \$80.0 million and \$70.0 million at May 1, 2005 and October 31, 2004, respectively. Accordingly, the trade accounts receivable included on the May 1, 2005 and October 31, 2004 balance sheets have been reduced to reflect the participation interest sold of \$80.0 million and \$70.0 million, respectively.

The Securitization Program is subject to termination at TRFCO's option, under certain circumstances, including the default rate, as defined, on receivables exceeding a specified threshold, the rate of collections on receivables failing to meet a specified threshold or the Company failing to maintain a long-term debt rating of "B" or better, or the equivalent thereof, from a nationally recognized rating organization. At May 1, 2005, the Company was in compliance with all requirements of the Securitization Program.

Note C--Inventories

Inventories of accumulated unbilled costs and materials by segment are as follows:

	May 1, 2005	October 31, 2004
	-----	-----
	(Dollars in thousands)	
Telephone Directory	\$11,473	\$11,313
Telecommunications Services	15,963	14,505
Computer Systems	5,224	6,858
	-----	-----
Total	\$32,660	\$32,676
	=====	=====

The cumulative amounts billed under service contracts at May 1, 2005 and October

31, 2004 of \$18.0 million and \$13.9 million, respectively, are credited against the related costs in inventory.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)--CONTINUED

NOTE D--Short-Term Borrowings

In April 2005, the Company amended its secured, syndicated, revolving credit agreement ("Credit Agreement") which was to expire in April 2005, to, among other things, extend the term for three years to April 2008 and increase the line from \$30.0 million to \$40.0 million. In July 2004, this program was amended to release Volt Delta Resources, LLC ("Volt Delta") as a guarantor and collateral grantor under the Credit Agreement due to the previously announced agreement between Volt Delta and Nortel Networks Inc. ("Nortel Networks"). At May 1, 2005, the Company had credit lines with domestic and foreign banks which provided for borrowings and letters of credit up to an aggregate of \$51.7 million, including \$40.0 million under the Credit Agreement.

The Credit Agreement established a credit facility ("Credit Facility") in favor of the Company and designated subsidiaries, of which up to \$15.0 million may be used for letters of credit. Borrowings by subsidiaries are limited to \$25.0 million in the aggregate. The administrative agent for the secured Credit Facility is JPMorgan Chase Bank. The other banks participating in the Credit Facility are Mellon Bank, N.A., Wells Fargo Bank, N.A., Lloyds TSB Bank PLC and Bank of America, N.A..

Borrowings under the Credit Facility are to bear interest at various rate options selected by the Company at the time of each borrowing. Certain rate options, together with a facility fee, are based on a leverage ratio, as defined. Additionally, interest and the facility fees can be increased or decreased upon a change in the Company's long-term debt rating provided by a nationally recognized rating agency. As amended, in lieu of the previous borrowing base formulation, the Credit Agreement now requires the maintenance of specified accounts receivable collateral in excess of any outstanding borrowings. Based upon the Company's leverage ratio and debt rating at May 1, 2005, if a three-month U.S. Dollar LIBO rate were the interest rate option selected by the Company, borrowings would have borne interest at the rate of 4.0% per annum. At May 1, 2005, the facility fee was 0.3% per annum.

The Credit Agreement provides for the maintenance of various financial ratios and covenants, including, among other things, a requirement that the Company maintain a consolidated tangible net worth, as defined; a limitation on cash dividends, capital stock repurchases and redemptions by the Company in any one fiscal year to 50% of consolidated net income, as defined, for the prior fiscal year; and a requirement that the Company maintain a ratio of EBIT, as defined, to interest expense, as defined, of 1.25 to 1.0 for the twelve months ended as of the last day of each fiscal quarter. The Credit Agreement also imposes limitations on, among other things, the incurrence of additional indebtedness, the incurrence of additional liens, sales of assets, the level of annual capital expenditures, and the amount of investments, including business acquisitions and investments in joint ventures, and loans that may be made by the Company and its subsidiaries. At May 1, 2005, the Company was in compliance with all covenants in the Credit Agreement.

The Company is liable on all loans made to it and all letters of credit issued at its request, and is jointly and severally liable as to loans made to subsidiary borrowers. However, unless also a guarantor of loans, a subsidiary borrower is not liable with respect to loans made to the Company or letters of credit issued at the request of the Company, or with regard to loans made to any other subsidiary borrower. Under the new amendment, five subsidiaries of the Company remain as guarantors of all loans made to the Company or to subsidiary borrowers under the Credit Facility. At May 1, 2005, four of those guarantors have pledged approximately \$42.7 million of accounts receivable, other than those in the Securitization Program, as collateral for the guarantee obligations. Under certain circumstances, other subsidiaries of the Company also may be required to become guarantors under the Credit Facility.

(UNAUDITED)--CONTINUED

NOTE D--Short-Term Borrowings--Continued

At May 1, 2005, the Company had total outstanding foreign currency bank borrowings of \$4.0 million, none of which were under the Credit Agreement. These bank borrowings provide a hedge against devaluation in foreign currency denominated assets.

NOTE E--Long-Term Debt and Financing Arrangements

Long-term debt consists of the following:

	May 1, 2005	October 31, 2004	
	-----	-----	
	(Dollars in thousands)		
8.2% term loan (a)	\$13,934	\$14,130	
Payable to Nortel Networks (b)		1,914	1,857
	-----	-----	
	15,848	15,987	
Less amounts due within one year		2,330	399
	-----	-----	
Total long-term debt	\$13,518	\$15,588	
	=====	=====	

(a) In September 2001, a subsidiary of the Company entered into a \$15.1 million loan agreement with General Electric Capital Business Asset Funding Corporation. Principal payments have reduced the loan to \$13.9 million at May 1, 2005. The 20-year loan, which bears interest at 8.2% per annum and requires principal and interest payments of \$0.4 million per quarter, is secured by a deed of trust on certain land and buildings that had a carrying amount at May 1, 2005 of \$10.3 million. The obligation is guaranteed by the Company.

(b) Represents the present value of a \$2.0 million payment due to Nortel Networks in February 2006, discounted at 6% per annum, as required in an agreement closed on August 2, 2004.

NOTE F--Stockholders' Equity

Changes in the major components of stockholders' equity for the six months ended May 1, 2005 are as follows:

	Common Stock	Paid-In Capital	Retained Earnings	
	-----	-----	-----	
	(In thousands)			
Balance at October 31, 2004		\$1,528	\$42,453	\$232,714
Stock options exercised - 41,330 shares		4	929	-
Net income for the six months		-	-	3,719
	-----	-----	-----	
Balance at May 1, 2005		\$1,532	\$43,382	\$236,433
	=====	=====	=====	

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)--CONTINUED

NOTE F--Stockholders' Equity--Continued

Another component of stockholders' equity, the accumulated other comprehensive loss, consists of cumulative unrealized foreign currency translation losses, net of taxes, of \$445,000 and \$214,000 at May 1, 2005 and October 31, 2004, respectively, and an unrealized gain, net of taxes, of \$30,000 and \$36,000 in marketable securities at May 1, 2005 and October 31, 2004, respectively. Changes in these items, net of income taxes, are included in the calculation of comprehensive loss as follows:

<TABLE>

<CAPTION>

	Six Months Ended		Three Months Ended			
	May 1, 2005	May 2, 2004	May 1, 2005	May 2, 2004		
		(Restated)		(Restated)		
		(In thousands)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net income	\$3,719	\$12,975	\$4,527	\$14,128		
Foreign currency translation adjustments-net		(231)	(81)	(117)	(121)	
Unrealized (loss) gain on marketable securities-net		(6)	2	(25)	17	
Total comprehensive income		\$3,482	\$12,896	\$4,385	\$14,024	

</TABLE>

NOTE G--Per Share Data

In calculating basic earnings per share, the dilutive effect of stock options is excluded. Diluted earnings per share are computed on the basis of the weighted average number of shares of common stock outstanding and the assumed exercise of dilutive outstanding stock options based on the treasury stock method.

<TABLE>

<CAPTION>

	Six Months Ended		Three Months Ended			
	May 1, 2005	May 2, 2004	May 1, 2005	May 2, 2004		
<S>	<C>	<C>	<C>	<C>		
Denominator for basic earnings per share						
Weighted average number of shares		15,307,380	15,222,586	15,323,593	15,223,545	
Effect of dilutive securities:						
Employee stock options		136,676	90,578	122,704	112,259	
Denominator for diluted earnings per share:						
Adjusted weighted average number of shares		15,444,056	15,313,164	15,446,297	15,335,804	

</TABLE>

Options to purchase 45,250 and 102,050 shares of the Company's common stock were outstanding at May 1, 2005 and May 2, 2004, respectively but were not included in the computation of diluted earnings per share because the effect of inclusion would have been antidilutive.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)--CONTINUED

NOTE H--Segment Disclosures

Financial data concerning the Company's sales and segment operating profit (loss) by reportable operating segment for the six and three months ended May 1, 2005 and May 2, 2004, included on page 28 of this Report, is an integral part of these condensed consolidated financial statements. During the six months ended May 1, 2005, consolidated assets decreased by \$13.5 million primarily due to an increase in the use of the Company's Securitization Program.

NOTE I--Derivative Financial Instruments, Hedging and Restricted Cash

The Company enters into derivative financial instruments only for hedging purposes. All derivative financial instruments, such as interest rate swap contracts, foreign currency options and exchange contracts, are recognized in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in stockholders' equity as a component of comprehensive income, depending on whether the derivative financial instrument qualifies for hedge accounting, and if so, whether it qualifies as a fair value hedge or cash flow hedge. Generally,

changes in fair values of derivatives accounted for as fair value hedges are recorded in income along with the portions of the changes in the fair values of the hedged items that relate to the hedged risks. Changes in fair values of derivatives accounted for as cash flow hedges, to the extent they are effective as hedges, are recorded in other comprehensive income, net of deferred taxes. Changes in fair values of derivatives not qualifying as hedges are reported in the results of operations. At May 1, 2005, the Company had outstanding foreign currency option and forward contracts in the aggregate notional amount equivalent to \$5.5 million, which approximated its net investment in foreign operations and is accounted for as a hedge under SFAS No. 52, "Foreign Currency Translation."

Included in cash and cash equivalents at May 1, 2005 and October 31, 2004 were approximately \$26.4 million and \$43.7 million, respectively, restricted to cover obligations that were reflected in accounts payable at such dates. These amounts primarily relate to contracts with customers in which the Company manages the customers' alternative staffing requirements, including the payment of associate vendors.

NOTE J--Acquisition and Sales of Businesses and Subsidiaries

On August 2, 2004, Volt Delta, a wholly-owned subsidiary of the Company, closed a Contribution Agreement (the "Contribution Agreement") with Nortel Networks under which Nortel Networks contributed certain of the assets (consisting principally of a customer base and contracts, intellectual property and inventory) and certain specified liabilities of its directory and operator services ("DOS") business to Volt Delta in exchange for a 24% minority equity interest in Volt Delta. Together with its subsidiaries, Volt Delta is reported as the Company's Computer Systems segment. Volt Delta is using the assets acquired from Nortel Networks to enhance the operation of its DOS business. The acquisition enables Volt Delta to provide the newly combined customer base with new solutions, an expanded suite of products, content and enhanced services. As a result of this transaction, approximately 155 DOS business employees in North America joined VoltDelta.

In addition, the companies entered into a ten-year relationship agreement to maintain the compatibility and interoperability between future releases of Nortel Networks' Traffic Operator Position System ("TOPS") switching platform and Volt Delta's IWS/MWS operator workstations and associated products. Nortel Networks and Volt Delta will work together developing feature content and release schedules for, and to ensure compatibility between, any TOPS changes that require a change in Volt Delta's products or workstations.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)--CONTINUED

NOTE J--Acquisition and Sales of Businesses and Subsidiaries--Continued

Also, on August 2, 2004, the Company and certain subsidiaries entered into a Members' Agreement (the "Members' Agreement") with Nortel Networks which defined the management of Volt Delta and the respective rights and obligations of the equity owners thereof. The Members' Agreement provides that commencing two years from the date thereof, Nortel Networks may exercise a put option or Volt Delta may exercise a call option, in each case to affect the purchase by Volt Delta of Nortel Networks' minority interest in Volt Delta ("Contingent Liability"). If either party exercises its option between the second and third year from the date of the Members' Agreement, the price paid to Nortel Networks for its 24% minority equity interest will be the product of the revenue of Volt Delta for the twelve-month period ended as of the fiscal quarter immediately preceding the date of option exercise (the "Volt Delta Revenue Base") multiplied by 70% of the enterprise value-to-revenue formula index of specified comparable companies (which index shall not exceed 1.8), times Nortel Networks' ownership interest in Volt Delta (the amount so calculated would not exceed 30.24% of the Volt Delta Revenue Base), with a minimum payment of \$25.0 million and a maximum payment of \$70.0 million. Based on the pro forma financial results of Volt Delta for the year ended May 1, 2005, the Contingent Liability for this put/call would be \$49.5 million at May 1, 2005. If the option is exercised after three years from the date of the Members' Agreement, the price paid will be a mutually agreed upon amount.

The Company engaged an independent valuation firm to assist in the determination

of the purchase price (the value of the 24% equity interest in Volt Delta) of the acquisition and its allocation. The preliminary allocation was completed in the fourth quarter of fiscal 2004, subject to finalization of certain adjustments.

The assets and liabilities of the acquired business are accounted for under the purchase method of accounting at the date of acquisition, recorded at their fair values, with the recognition of a minority interest to reflect Nortel Networks' 24% investment in Volt Delta. The results of operations have been included in the Consolidated Statements of Operations since the acquisition date.

Preliminary Purchase Allocation
Fair Value of Assets Acquired and Liabilities Assumed

(In thousands)

Cash	\$3,491
Inventories	1,551
Deposit and other assets	404
Goodwill	20,162
Intangible assets	15,900

Total assets	\$41,508
	=====

Accrued wages and commissions	\$700
Other accrued expenses	2,189
Other liabilities	2,791
Long-term debt	1,828
Minority interest	34,000

Total liabilities	\$41,508
	=====

The intangible assets represent the fair value of customer relationships (\$15.1 million) and product technology (\$0.8 million), and are being amortized over 16 years and 10 years, respectively. Since the members' interests in Volt Delta are treated as partnership interests, the tax deduction for amortization will not commence until the Contingent Liability is final and determined.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)--CONTINUED

NOTE K--Goodwill and Intangibles

Goodwill and intangibles with indefinite lives are no longer amortized, but are subject to annual testing using fair value methodology. An impairment charge is recognized for the amount, if any, by which the carrying value of an indefinite-life intangible asset exceeds its fair value. The test for goodwill, which is performed in the Company's second fiscal quarter, primarily uses comparable multiples of sales and EBITDA and other valuation methods to assist the Company in the determination of the fair value of the goodwill and the reporting units measured.

The following table represents the balance of intangible assets subject to amortization:

	May 1, 2005	October 31, 2004
	-----	-----
	(Dollars in thousands)	
Intangible assets	\$16,286	\$16,286
Accumulated amortization	(839)	(288)
	-----	-----
Net Carrying Value	\$15,447	\$15,998
	=====	=====

Note L--Primary Insurance Casualty Program

The Company is insured with a highly rated insurance company under a program that provides primary workers' compensation, employer's liability, general liability and automobile liability insurance under a loss sensitive program. In certain mandated states, the Company purchases workers' compensation insurance through participation in state funds and the experience-rated premiums in these state plans relieve the Company of additional liability. In the loss sensitive program, initial premium accruals are established based upon the underlying exposure, such as the amount and type of labor utilized, number of vehicles, etc. The Company establishes accruals utilizing actuarial methods to estimate the undiscounted future cash payments that will be made to satisfy the claims, including an allowance for incurred-but-not-reported claims. This process also includes establishing loss development factors, based on the historical claims experience of the Company and the industry, and applying those factors to current claims information to derive an estimate of the Company's ultimate premium liability. In preparing the estimates, the Company also considers the nature and severity of the claims, analyses provided by third party actuaries, as well as current legal, economic and regulatory factors. The insurance policies have various premium rating plans that establish the ultimate premium to be paid. Adjustments to premium are made based upon the level of claims incurred at a future date up to three years after the end of the respective policy period. At May 1, 2005 and October 31, 2004, the Company's liability for the outstanding plan years was \$3.0 and \$8.3 million, respectively.

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ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This report and other reports and statements issued by the Company and its officers from time to time contain certain "forward-looking statements." Words such as "may," "should," "likely," "could," "seek," "believe," "expect," "anticipate," "estimate," "project," "intend," "strategy," "design to," and similar expressions are intended to identify forward-looking statements about the Company's future plans, objectives, performance, intentions and expectations. These forward-looking statements are subject to a number of known and unknown risks and uncertainties including, but are not limited to, those set forth below under "Factors That May Affect Future Results." Such risks and uncertainties could cause the Company's actual results, performance and achievements to differ materially from those described in or implied by the forward-looking statements. Accordingly, readers should not place undue reliance on any forward-looking statements made by or on behalf of the Company. The Company does not assume any obligation to update any forward-looking statements after the date they are made.

FACTORS THAT MAY AFFECT FUTURE RESULTS

THE COMPANY'S BUSINESS IS DEPENDENT UPON GENERAL ECONOMIC, COMPETITIVE AND OTHER BUSINESS CONDITIONS INCLUDING THE EFFECTS OF THE UNITED STATES AND EUROPEAN ECONOMIES AND OTHER GENERAL CONDITIONS, SUCH AS CUSTOMERS OFF-SHORING ACTIVITIES TO OTHER COUNTRIES.

The demand for the Company's services in all segments is dependent upon general economic conditions. Accordingly, the Company's business tends to suffer during economic downturns. In addition, in the past few years major United States companies, many of which are customers of the Company, have increasingly outsourced business to foreign countries with lower labor rates, less costly employee benefit requirements and fewer regulations than the United States. There could be an adverse effect on the Company if customers and potential customers continue to move manufacturing and servicing operations off-shore, reducing their need for temporary workers within the United States. It is also important for the Company to diversify its pool of available temporary workers to offer greater support to the service sector of the economy and other businesses that have more difficulty in moving off-shore. In addition, the Company's other segments may be adversely affected if they are required to compete from the Company's United States based operations against competitors based in such other countries. Although the Company has begun to expand its operations to certain additional countries, in a limited manner and to serve existing customers in such countries, and has established subsidiaries in some

foreign countries, there can be no assurance that this effort will be successful or that the Company can successfully compete with competitors based overseas or who have established foreign operations.

The Company's business is dependent upon the continued financial strength of its customers. Customers that experience economic downturns or other negative factors are less likely to use the Company's services.

In the staffing services segment, a weakened economy results in decreased demand for temporary and permanent personnel. When economic activity slows down, many of the Company's customers reduce their use of temporary workers before they reduce the number of their regular employees. There is less need for temporary workers by all potential customers, who are less inclined to add to their costs. Since employees are reluctant to risk changing employers, there are fewer openings and reduced activity in permanent placements as well. In addition, while in many fields there are ample applicants for available positions, variations in the rate of unemployment and higher wages sought by temporary workers in certain technical fields particularly characterized by labor

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

Factors That May Affect Future Results --Continued

shortages, could affect the Company's ability to meet its customers' demands in these fields and the Company's profit margins. The segment has also experienced margin erosion caused by increased competition, electronic auctions and customers leveraging their buying power by consolidating the number of vendors with whom they deal. In addition, increased payroll and other taxes, some of which the Company is unable to pass on to customers, place pressure on margins.

Customer use of the Company's telecommunications services is similarly affected by a weakened economy in that some of the Company's customers reduce their use of outside services in order to provide work to their in-house departments and, in the aggregate, because of the current downturn in the telecommunications industry and continued overcapacity, there is less available work. In addition, the reduction in telecommunications companies' capital expenditure projects during the current economic climate has significantly reduced the segment's operating margins and minimal improvement can be expected until the telecommunications industry begins to increase its capital expenditures. Recent actions by major long-distance telephone companies regarding local residential service and consolidation in the telecommunications industry could also negatively impact both sales and margins of the segment. Despite an emphasis on cost controls, the results of the segment continue to be affected by the decline in capital spending by telephone companies caused by the depressed conditions within the segment's telecommunications industry customer base which has also increased competition for available work, pressuring pricing and gross margins throughout the segment. The continued delay in telecommunications companies' capital expenditure projects has significantly reduced the segment's revenue and resulted in continuing operating losses. Although there has been a modest increase in customer backlog, a return to material profitability will be difficult until the telecommunications industry begins to increase its capital expenditures.

Additionally, the degree and timing of customer acceptance of systems and of obtaining new contracts and the rate of renewals of existing contracts, as well as customers' degree of utilization of the Company's services, could adversely affect the Company's businesses.

MANY OF THE COMPANY'S CONTRACTS EITHER PROVIDE NO MINIMUM PURCHASE REQUIREMENTS OR ARE CANCELABLE DURING THE TERM.

In all segments, many of the Company's contracts, even those master service contracts whose duration spans a number of years, provide no assurance of any minimum amount of work that will actually be available under any contract. Most staffing services contracts are not sole source, so the segment must compete for each placement at the customer. Similarly many telecommunications master contracts require competition in order to obtain each individual work project. In addition, many of the Company's long-term contracts contain cancellation provisions under which the customer can cancel the contract, even if the Company

is not in default under the contract. Therefore, these contracts do not give the assurances that long-term contracts typically provide.

THE COMPANY'S STAFFING SERVICES BUSINESS AND ITS OTHER SEGMENTS SUBJECT IT TO EMPLOYMENT-RELATED AND OTHER CLAIMS.

The Company's staffing services business employs individuals on a temporary basis and places them in a customer's workplace. The Company's ability to control the customer workplace is limited, and the Company risks incurring

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

Factors That May Affect Future Results --Continued

liability to its employees for injury or other harm that they suffer at the customer's workplace. Although the Company has not historically suffered materially for such harm suffered by its employees, there can be no assurance that future claims will not materially adversely affect the Company.

Additionally, the Company risks liability to its customers for the actions of the Company's temporary employees that may result in harm to the Company's customers. Such actions may be the result of negligence or misconduct on the part of the Company's employees. These same factors apply to all of the Company's business units, although the risk is reduced where the Company itself controls the workplace. Nevertheless, the risk is present in all segments.

The Company may incur fines or other losses and negative publicity with respect to any litigation in which it becomes involved. Although the Company maintains insurance for many such actions, there can be no assurance that its insurance will cover future actions or that the Company will continue to be able to obtain such insurance on acceptable terms, if at all.

NEW AND INCREASED GOVERNMENT REGULATION COULD HAVE A MATERIAL ADVERSE EFFECT ON THE COMPANY'S BUSINESS, ESPECIALLY ITS CONTINGENT STAFFING BUSINESS.

Certain of the Company's businesses are subject to licensing and regulation in many states and certain foreign jurisdictions. Although the Company has not had any difficulty complying with these requirements in the past, there can be no assurance that the Company will continue to be able to do so, or that the cost of compliance will not become material. Additionally, the jurisdictions in which the Company does or intends to do business may:

- o create new or additional regulations that prohibit or restrict the types of services that the Company currently provides;
- o impose new or additional employee benefit requirements, thereby increasing costs that may not be able to be passed on to customers or which would cause customers to reduce their use of the Company's services, especially in its staffing services segment, which would adversely impact the Company's ability to conduct its business;
- o require the Company to obtain additional licenses to provide its services;
or
- o increase taxes (especially payroll and other employment related taxes) or enact new or different taxes payable by the providers of services such as those offered by the Company, thereby increasing costs, some of which may not be able to be passed on to customers or which would cause customers to reduce their use of the Company's services, especially in its staffing services segment, which would adversely impact the Company's ability to conduct its business.

In addition, certain private and governmental entities have focused on the contingent staffing industry in particular and, in addition to their potential to impose additional requirements and costs, they and their supporters could cause changes in customers' attitudes toward the use of outsourcing and temporary personnel in general. This could have an adverse effect on the Company's contingent staffing business.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

Factors That May Affect Future Results --Continued

THE COMPANY IS DEPENDENT UPON ITS ABILITY TO ATTRACT AND RETAIN CERTAIN TECHNOLOGICALLY QUALIFIED PERSONNEL.

The Company's future success is dependent upon its ability to attract and retain certain classifications of technologically qualified personnel for its own use, particularly in the areas of research and development, implementation and upgrading of internal systems, as well as in its staffing services segment. The availability of such personnel is dependent upon a number of economic and demographic conditions. The Company may in the future find it difficult or more costly to hire such personnel in the face of competition from other companies.

THE INDUSTRIES IN WHICH THE COMPANY DOES BUSINESS ARE VERY COMPETITIVE.

The Company operates in very competitive industries with, in most cases, limited barriers to entry. Some of the Company's principal competitors are larger and have substantially greater financial resources than the Company. Accordingly, these competitors may be better able than the Company to attract and retain qualified personnel and may be able to offer their customers more favorable pricing terms than the Company. In many businesses, small competitors can offer similar services at lower prices because of lower overheads.

The Company, in all segments, has experienced intense price competition and pressure on margins and lower renewal markups for customers' contracts than previously obtained. While the Company has and will continue to take action to meet competition in its highly competitive markets with minimal impact on margins, there can be no assurance that the Company will be able to do so.

The Company, in certain businesses in all segments, must obtain or produce products and systems, principally in the IT environment, to satisfy customer requirements and to remain competitive. While the Company has been able to do so in the past, there can be no assurance that in the future the Company will be able to foresee changes and to identify, develop and commercialize innovative and competitive products and systems in a timely and cost effective manner and to achieve customer acceptance of its products and systems in markets characterized by rapidly changing technology and frequent new product introductions. In addition, the Company's products and systems are subject to risks inherent in new product introductions, such as start-up delays, cost overruns and uncertainty of customer acceptance, the Company's dependence on third parties for some product components and in certain technical fields particularly characterized by labor shortages, the Company's ability to hire and retain such specialized employees, all of which could affect the Company's ability to meet its customers' demands in these fields and the Company's profit margins.

In addition to these general statements, the following information applies to the specific segments identified below.

The Company's Staffing Services segment is in a very competitive industry with few significant barriers to entry. There are many temporary service firms in the United States and Europe, many with only one or a few offices that service only a small market. On the other hand, some of this segment's principal competitors are larger and have substantially greater financial resources than the Company and service the multinational accounts whose business the Company solicits. Accordingly, these competitors may be better able than the Company to attract and retain qualified personnel and may be able to offer their customers more favorable pricing terms than the Company. Furthermore, all of the staffing industry is subject to the fact that contingent workers are provided to customers and most customers are more protective of their full time workforce than contingent workers.

Factors That May Affect Future Results --Continued

The results of the Company's Computer Systems segment are highly dependent on the volume of calls to this segment's customers which are processed by the segment under existing contracts, the segment's ability to continue to secure comprehensive listings from others at acceptable pricing, its ability to obtain additional customers for these services and its continued ability to sell products and services to new and existing customers. The volume of transactions with this segment's customers is subject to reduction as consumers utilize listings offered on the Internet. This segment's position in its market depends largely upon its reputation, quality of service and ability to develop, maintain and implement information systems on a cost competitive basis. Although Volt continues its investment in research and development, there is no assurance that this segment's present or future products will be competitive, that the segment will continue to develop new products or that present products or new products can be successfully marketed.

The Company's Telecommunications Services segment faces substantial competition with respect to all of its telecommunications services from other suppliers and from in-house capabilities of present and potential customers. Since many of our customers provide the same type of services as the segment, the segment faces competition from its own customers and potential customers as well as from third parties. The telecommunications service segment performs much of its services outdoors, and its business can be adversely affected by the degree and effects of inclement weather. Some of this segment's significant competitors are larger and have substantially greater financial resources than the Company. There are relatively few significant barriers to entry into certain of the markets in which the segment operates, and many competitors are small, local companies that generally have lower overhead. The Company's ability to compete in this segment depends upon its reputation, technical capabilities, pricing, quality of service and ability to meet customer requirements in a timely manner. The Company believes that its competitive position in this segment is augmented by its ability to draw upon the expertise and resources of the Company's other segments.

THE COMPANY MUST CONTINUE TO SUCCESSFULLY INTEGRATE THE PURCHASED DIRECTORY AND OPERATOR SERVICES BUSINESS INTO THE COMPANY'S COMPUTER SYSTEMS SEGMENT

On August 2, 2004, Volt Delta Resources, LLC ("Volt Delta"), a wholly-owned subsidiary of the Company, acquired from Nortel Networks, Inc. ("Nortel Networks") certain of the assets (consisting principally of customer base and contracts, intellectual property and inventory) and certain specified liabilities of Nortel Networks directory and operator services ("DOS") business, in exchange for a 24% minority equity interest in Volt Delta. Together with its subsidiaries, Volt Delta is reported as the Company's Computer Systems segment. In addition to the factors described elsewhere herein, the Company's results in this segment are dependent upon the Company's ability to continue the successful integration of the acquisition into Volt Delta's business with minimal interference with the segment's business.

THE COMPANY MUST STAY IN COMPLIANCE WITH ITS SECURITIZATION PROGRAM AND OTHER LOAN AGREEMENTS

The Company is required to maintain a sufficient credit rating to enable it to continue its \$150 million Securitization Program and other loan agreements and maintain its existing credit rating in order to avoid any increase in interest rates and any increase in fees under these credit agreements, as well as to comply with the financial and other covenants applicable under the credit agreements and other borrowing instruments.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

Factors That May Affect Future Results --Continued

While the Company was in compliance with all such requirements at the end of the fiscal quarter and believes it will remain in compliance through the next twelve months, there can be no assurance that will be the case or that waivers may not

be required.

THE COMPANY'S PRINCIPAL SHAREHOLDERS OWN A SIGNIFICANT PERCENTAGE OF THE COMPANY AND WILL BE ABLE TO EXERCISE SIGNIFICANT INFLUENCE OVER THE COMPANY AND THEIR INTERESTS MAY DIFFER FROM THOSE OF OTHER SHAREHOLDERS.

As of May 15, 2005, William Shaw, Jerome Shaw and members of their family own in excess of 47% of the Company's outstanding common stock. Accordingly, these shareholders are able to control the composition of the Company's board of directors and many other matters requiring shareholder approval and will continue to have significant influence over the Company's affairs. This concentration of ownership also could have the effect of delaying or preventing a change in control of the Company or otherwise discouraging a potential acquirer from attempting to obtain control of the Company.

THE COMPANY'S STOCK PRICE COULD BE EXTREMELY VOLATILE AND, AS A RESULT, INVESTORS MAY NOT BE ABLE TO RESELL THEIR SHARES AT OR ABOVE THE PRICE THEY PAID FOR THEM.

Among the factors that could affect the Company's stock price are:

- o limited float and a low average daily trading volume, notwithstanding that the Company's stock is traded on the New York Stock Exchange;
- o industry trends and the business success of the Company's customers;
- o loss of a key customer;
- o fluctuations in the Company's results of operations;
- o the Company's failure to meet the expectations of the investment community and changes in investment community recommendations or estimates of the Company's future results of operations;
- o strategic moves by the Company's competitors, such as product announcements or acquisitions;
- o regulatory developments;
- o litigation;
- o general market conditions; and
- o other domestic and international macroeconomic factors unrelated to the Company's performance.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

Factors That May Affect Future Results --Continued

The stock market has and may in the future experience extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of the Company's common stock.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. If a securities class action suit is filed against the Company, it would incur substantial legal fees and management's attention and resources would be diverted from operating its business in order to respond to the litigation.

Critical Accounting Policies

Management's discussion and analysis of its financial position and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates, judgments, assumptions and valuations that affect

the reported amounts of assets, liabilities, revenues and expenses and related disclosures. Future reported results of operations could be impacted if the Company's estimates, judgments, assumptions or valuations made in earlier periods prove to be wrong. Management believes the critical accounting policies and areas that require the most significant estimates, judgments, assumptions or valuations used in the preparation of the Company's financial statements are as follows:

Revenue Recognition - The Company derives its revenues from several sources. The revenue recognition methods, which are consistent with those prescribed in Staff Accounting Bulletin 104 ("SAB 104"), "Revenue Recognition in Financial Statements," are described below in more detail for the significant types of revenue within each of its segments.

Staffing Services:

Staffing: Sales are derived from the Company's Staffing Solutions Group supplying its own temporary personnel to its customers, for which the Company assumes the risk of acceptability of its employees to its customers, and has credit risk for collecting its billings after it has paid its employees. The Company reflects revenues for these services on a gross basis in the period the services are rendered. In the first six months of fiscal 2005, this revenue comprised approximately 76% of net consolidated sales.

Managed Services: Sales are generated by the Company's E-Procurement Solutions subsidiary, ProcureStaff, and for certain contracts, sales are generated by the Company's Staffing Solutions Group's managed services operations. The Company receives an administrative fee for arranging for, billing for and collecting the billings related to other staffing companies ("associate vendors") who have supplied personnel to the Company's customers. The administrative fee is either charged to the customer or subtracted from the Company's payment to the associate vendor. The customer is typically responsible for assessing the work of the associate vendor, and has responsibility for the acceptability of its personnel, and in most instances the customer and associate vendor have agreed that the Company does not pay the associate vendor until the customer pays the Company. Based upon the revenue recognition principles in Emerging Issues Task Force

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

Critical Accounting Policies -- Continued

("EITF") 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent," revenue for these services, where the customer and the associate vendor have agreed that the Company is not at risk for payment, is recognized net of associated costs in the period the services are rendered. In the first six months of fiscal 2005, this revenue comprised approximately 2% of net consolidated sales.

Outsourced Projects: Sales are derived from the Company's Information Technology Solutions operation providing outsource services for a customer in the form of project work, for which the Company is responsible for deliverables. The Company's employees perform the services and the Company has credit risk for collecting its billings. Revenue for these services is recognized on a gross basis in the period the services are rendered when on a time and material basis, and when the Company is responsible for project completion, revenue is recognized when the project is complete and the customer has approved the work. In the first six months of fiscal 2005, this revenue comprised approximately 6% of net consolidated sales.

Shaw & Shaw: Sales of the Company's Shaw & Shaw subsidiary, which ceased operations in the second quarter of fiscal 2005, were generated when the Company provided professional employer organizational services ("PEO") to certain customers. Generally, the customers transferred their entire workforce or employees of specific departments or divisions to the Company, but the customers maintained control over the day-to-day job duties of the employees. In the first six months of fiscal 2005, this revenue comprised less than 1% of net consolidated sales, due to the Company's reporting of

these revenues on a net basis.

Telephone Directory:

Directory Publishing: Sales are derived from the Company's sales of telephone directory advertising for books it publishes as an independent publisher in the United States and Uruguay. The Company's employees perform the services and the Company has credit risk for collecting its billings. Revenue for these services is recognized on a gross basis in the period the books are printed and distributed. In the first six months of fiscal 2005, this revenue comprised approximately 2% of net consolidated sales.

Ad Production and Other: Sales are generated when the Company performs design, production and printing services, and database management for other publishers' telephone directories. The Company's employees perform the services and the Company has credit risk for collecting its billings. Revenue for these services is recognized on a gross basis in the period the Company has completed its production work and upon customer acceptance. In the first six months of fiscal 2005, this revenue comprised approximately 1% of net consolidated sales.

Telecommunications Services:

Construction: Sales are derived from the Company supplying aerial and underground construction services. The Company's employees perform the services, and the Company takes title to all inventory, and has credit risk for collecting its billings. The Company relies upon the principles in AICPA Statement of Position ("SOP") 81-1, "Accounting for Performance of Construction-Type Contracts," using the completed-contract method, to recognize revenue on a gross basis upon customer acceptance of the project. In the first six months of fiscal 2005, this revenue comprised approximately 4% of net consolidated sales.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

Critical Accounting Policies -- Continued

Non-Construction: Sales are derived from the Company performing design, engineering and business systems integrations work. The Company's employees perform the services and the Company has credit risk for collecting its billings. Revenue for these services is recognized on a gross basis in the period in which services are performed, and if applicable, any completed units are delivered and accepted by the customer. In the first six months of fiscal 2005, this revenue comprised approximately 2% of net consolidated sales.

Computer Systems:

Database Access: Sales are derived from the Company granting access to its proprietary telephone listing databases to telephone companies, inter-exchange carriers and non-telco enterprise customers. The Company uses its own databases and has credit risk for collecting its billings. The Company recognizes revenue on a gross basis in the period in which the customers access the Company's databases. In the first six months of fiscal 2005, this revenue comprised approximately 5% of net consolidated sales.

IT Maintenance: Sales are derived from the Company providing hardware maintenance services to the general business community, including customers who have the Company's systems, on a time and material basis or a contract basis. The Company uses its own employees and inventory in the performance of the services, and has credit risk for collecting its billings. Revenue for these services is recognized on a gross basis in the period in which the services are performed, contingent upon customer acceptance when on a time and material basis, or over the life of the contract, as appropriate. In the first six months of fiscal 2005, this revenue comprised approximately 1% of net consolidated sales.

Telephone Systems: Sales are derived from the Company providing telephone operator services-related systems and enhancements to existing systems,

equipment and software to customers. The Company uses its own employees and has credit risk for collecting its billings. The Company relies upon the principles in AICPA SOP 97-2, "Software Revenue Recognition" and EITF 00-21, "Revenue Arrangements with Multiple Deliverables" to recognize revenue on a gross basis upon customer acceptance of each part of the system based upon its fair value. In the first six months of fiscal 2005, this revenue comprised approximately 1% of net consolidated sales.

The Company records provisions for estimated losses on contracts when losses become evident. Accumulated unbilled costs on contracts are carried in inventory at the lower of actual cost or estimated realizable value.

Allowance for Uncollectible Accounts - The establishment of an allowance requires the use of judgment and assumptions regarding potential losses on receivable balances. Allowances for accounts receivable are maintained based upon historical payment patterns, aging of accounts receivable and actual write-off history. The Company believes that its allowances are adequate; however, changes in the financial condition of customers could have an effect on the allowance balance required and a related charge or credit to earnings.

Goodwill - Under Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," goodwill is no longer amortized, but is subject to annual impairment testing using fair value methodologies. The impairment test for goodwill is a two-step process. Step one consists of a comparison of a reporting unit with its carrying amount, including the goodwill allocated to the reporting unit. Measurement of the fair value of a reporting unit is based on one or more fair value measures including present value techniques of estimated future cash flows and estimated amounts at which the unit as a whole could be bought or sold in a current transaction between willing parties. If the carrying amount of the reporting unit exceeds the fair value,

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

Critical Accounting Policies -- Continued

step two requires the fair value of the reporting unit to be allocated to the underlying assets and liabilities of that reporting unit, resulting in an implied fair value of goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss equal to the excess is recorded in net earnings (loss). The Company performs its impairment testing using comparable multiples of sales and EBITDA and other valuation methods to assist the Company in the determination of the fair value of the reporting units measured.

Long-Lived Assets - Property, plant and equipment are recorded at cost, and depreciation and amortization are provided on the straight-line and accelerated methods at rates calculated to depreciate the cost of the assets over their estimated useful lives. Intangible assets, other than goodwill, and property, plant and equipment are reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Under SFAS No. 144, these assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; the accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and a current expectation that the asset will more likely than not be sold or disposed of significantly before the end of its estimated useful life. Recoverability is assessed based on the carrying amount of the asset and the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset or asset group. An impairment loss is recognized when the carrying amount is not recoverable and exceeds the fair value of the asset or asset group. The impairment loss is measured as the amount by which the carrying amount exceeds fair value.

Capitalized Software - The Company's software technology personnel are involved in the development and acquisition of internal-use software to be used in its

Enterprise Resource Planning system and software used in its operating segments, some of which are customer accessible. The Company accounts for the capitalization of software in accordance with AICPA SOP No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Subsequent to the preliminary project planning and approval stage, all appropriate costs are capitalized until the point at which the software is ready for its intended use. Subsequent to the software being used in operations, the capitalized costs are transferred from costs-in-process to completed property, plant and equipment, and are accounted for as such. All post-implementation costs, such as maintenance, training and minor upgrades that do not result in additional functionality, are expensed as incurred.

Securitization Program - The Company accounts for the securitization of accounts receivable in accordance with SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." At the time a participation interest in the receivables is sold, that interest is removed from the consolidated balance sheet. The outstanding balance of the undivided interest sold to Three Rivers Funding Corporation ("TRFCO"), an asset backed commercial paper conduit sponsored by Mellon Bank, N.A., was \$80.0 million at May 1, 2005 and \$70.0 million at October 31, 2004. Accordingly, the trade receivables included on the May 1, 2005 and October 31, 2004 balance sheets have been reduced to reflect the participation interest sold. TRFCO has no recourse to the Company (beyond its interest in the pool of receivables owned by Volt Funding Corp., a wholly owned special purpose subsidiary of the Company) for any of the sold receivables.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

Critical Accounting Policies -- Continued

Primary Casualty Insurance Program - The Company is insured with a highly rated insurance company under a program that provides primary workers' compensation, employer's liability, general liability and automobile liability insurance under a loss sensitive program. In certain mandated states, the Company purchases workers' compensation insurance through participation in state funds and the experience-rated premiums in these state plans relieve the Company of any additional liability. In the loss sensitive program, initial premium accruals are established based upon the underlying exposure, such as the amount and type of labor utilized, number of vehicles, etc. The Company establishes accruals utilizing actuarial methods to estimate the future cash payments that will be made to satisfy the claims, including an allowance for incurred-but-not-reported claims. This process also includes establishing loss development factors, based on the historical claims experience of the Company and the industry, and applying those factors to current claims information to derive an estimate of the Company's ultimate premium liability. In preparing the estimates, the Company considers the nature and severity of the claims, analyses provided by third party actuaries, as well as current legal, economic and regulatory factors. The insurance policies have various premium rating plans that establish the ultimate premium to be paid. Adjustments to premiums are made based upon the level of claims incurred at a future date up to three years after the end of the respective policy period. For the policy year ended March 31, 2003, a maximum premium was predetermined and accrued. For subsequent policy years, management evaluates the accrual, and the underlying assumptions, regularly throughout the year and makes adjustments as needed. The ultimate premium cost may be greater or less than the established accrual. While management believes that the recorded amounts are adequate, there can be no assurances that changes to management's estimates will not occur due to limitations inherent in the estimation process. In the event it is determined that a smaller or larger accrual is appropriate, the Company would record a credit or a charge to cost of services in the period in which such determination is made.

Medical Insurance Program - Beginning in April 2004, the Company became self-insured for the majority of its medical benefit programs. The Company remains insured for a portion of its medical program (primarily HMOs) as well as the entire dental program. The Company provides the self-insured medical benefits through an arrangement with a third party administrator. However, the liability for the self-insured benefits is limited by the purchase of stop loss insurance. Contributed and withheld funds and related liabilities for the self-insured program together with unpaid premiums for the insured programs,

other than the current provision, are held in a 501(c)(9) employee welfare benefit trust and do not appear on the balance sheet of the Company. In order to establish the self-insurance reserves, the Company utilized actuarial estimates of expected losses based on statistical analyses of historical data. The provision for future payments is initially adjusted by the enrollment levels in the various plans. Periodically, the resulting liabilities are monitored and will be adjusted as warranted by changing circumstances. Should the amount of claims occurring exceed what was estimated or medical costs increase beyond what was expected, liabilities might not be sufficient, and additional expense may be recorded.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

SIX MONTHS ENDED MAY 1, 2005 COMPARED TO THE SIX MONTHS ENDED MAY 2, 2004

The information, which appears below, relates to current and prior periods, the results of operations for which periods are not indicative of the results which may be expected for any subsequent periods.

<TABLE>

<CAPTION>

	Six Months Ended		Three Months Ended		
	May 1, 2005	May 2, 2004	May 1, 2005	May 2, 2004	
		(Restated)		(Restated)	
		(In thousands)			
<S>	<C>	<C>	<C>	<C>	
Net Sales:					
Staffing Services					
Staffing	\$856,916	\$739,914	\$442,822	\$397,238	
Managed Services	609,766	529,796	312,334	291,698	
Total Gross Sales	1,466,682	1,269,710	755,156	688,936	
Less: Non-Recourse Managed Services		(593,485)	(516,416)	(302,292)	(283,283)
Net Staffing Services	873,197	753,294	452,864	405,653	
Telephone Directory	33,073	32,682	17,369	16,833	
Telecommunications Services	63,139	63,404	37,935	33,508	
Computer Systems	84,114	50,422	42,920	26,327	
Elimination of inter-segment sales	(9,643)	(7,364)	(5,043)	(3,842)	
Total Net Sales	\$1,043,880	\$892,438	\$546,045	\$478,479	
Segment Operating Profit (Loss):					
Staffing Services	\$9,716	\$10,958	\$7,263	\$9,567	
Telephone Directory	4,608	4,594	2,501	1,995	
Telecommunications Services	(2,236)	(2,719)	193	(817)	
Computer Systems	16,529	10,389	9,015	5,866	
Total Segment Operating Profit	28,617	23,222	18,972	16,611	
General corporate expenses	(17,283)	(15,193)	(8,976)	(7,633)	
Total Operating Profit	11,334	8,029	9,996	8,978	
Interest income and other expense	(746)	(1,429)	(290)	(913)	
Foreign exchange loss-net	(260)	(70)	(98)	(94)	
Interest expense	(954)	(880)	(442)	(423)	
Income from Continuing Operations Before Minority					

Interest and Income Taxes	\$9,374	\$5,650	\$9,166	\$7,548
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</TABLE>

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

SIX MONTHS ENDED MAY 1, 2005 COMPARED TO THE SIX MONTHS ENDED MAY 2, 2004--Continued

EXECUTIVE OVERVIEW

Volt Information Sciences, Inc. ("Volt") is a leading national provider of staffing services and telecommunications and information solutions with a material portion of its revenue coming from Fortune 100 customers. The Company operates in four segments and the management discussion and analysis addresses each. A brief description of these segments and the predominant source of their sales follow:

STAFFING SERVICES: This segment is divided into three major functional areas and operates through a network of over 300 branch offices.

- o Staffing Solutions fulfills IT and other technical, commercial and industrial placement requirements of its customers, on both a temporary and permanent basis, together with managed staffing services.
- o E-Procurement Solutions provides global vendor neutral procurement and management solutions for supplemental staffing using web-based tools through the Company's ProcureStaff subsidiary.
- o Information Technology Solutions provides a wide range of information technology consulting and project management services through the Company's VMC Consulting subsidiary.

TELEPHONE DIRECTORY: This segment publishes independent telephone directories, provides telephone directory production services, database management, printing and computer-based projects to public utilities and financial institutions.

TELECOMMUNICATIONS SERVICES: This segment provides a full spectrum of telecommunications construction, installation, and engineering services in the outside plant and central offices of telecommunications and cable companies as well as for large commercial and governmental entities.

COMPUTER SYSTEMS: This segment provides directory and operator systems and services primarily for the telecommunications industry, and provides IT maintenance services.

Several historical seasonal factors usually affect the sales and profits of the Company. The Staffing Services segment's sales are always lowest in the Company's first fiscal quarter due to the Thanksgiving, Christmas and New Year holidays, as well as certain customer facilities closing for one to two weeks. During the third and fourth quarters of the fiscal year, this segment benefits from a reduction of payroll taxes when the annual tax contributions for higher salaried employees have been met, and customers increase the use of the Company's administrative and industrial labor during the summer vacation period. In addition, the Telephone Directory segment's DataNational division publishes more directories during the second half of the fiscal year.

Numerous non-seasonal factors impacted sales and profits in the current six and three month periods. In the six months and the current quarter, the sales of the Staffing Services segment, in addition to the factors noted above, were positively impacted by a continued increase in the use of contingent technical staffing. Operating profits in both periods were lower than their comparable periods due to higher overhead costs incurred to enable the continuation of the growth in the Technical Placement division, including the higher margin VMC Consulting business. Although net sales in the Administrative and Industrial division in the six months and current quarter have increased from their

comparable periods, the single digit growth in the second quarter was weaker than expected due to lower demand for clerical, administrative and industrial temporary staffing and permanent placements. Operating profits for the segment have decreased in the six months due to a slight decrease in gross margins and a growth in overhead costs. The operating profit decrease in the quarter was due to an increase in overhead of 0.6 percentage points in relation to sales.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

SIX MONTHS ENDED MAY 1, 2005 COMPARED TO THE SIX MONTHS ENDED MAY 2, 2004--Continued

EXECUTIVE OVERVIEW--Continued

The sales and operating results of the Telecommunications segment increased in the second quarter of fiscal 2005 compared to the comparable prior year quarter primarily due to a sales increase in the Construction and Engineering division, partially offset by a decline in the sales in Business Systems division and reduced segment margins. However, for the six months, sales have decreased slightly from the comparable period, although operating losses have declined, as the Company continues to carefully monitor the overhead within the segment in order to partially mitigate the effect of the reduced segment sales and margins.

For the six months and current quarter, the Computer Systems segment's sales and profits continue to be positively impacted by the increase in the segment's ASP directory assistance outsourcing business, in which there continues to be a substantial increase in transaction revenue, as well as revenue and operating profit from the business acquired from Nortel Networks.

The Company has, and will continue to focus on aggressively increasing its market share, while attempting to maintain margins in order to increase profits. All segments have emphasized cost containment measures, along with improved credit and collections procedures designed to improve the Company's cash flow.

The Company continues its effort to streamline its processes to manage the business and protect its assets through the continued deployment of its Six Sigma initiatives, upgrading its financial reporting systems, its compliance with the Sarbanes-Oxley Act, and the standardization and upgrading of IT redundancy and business continuity for corporate systems and communications networks. To the extent possible, the Company has been utilizing, and will continue to utilize, internal resources supplemented with temporary staff to comply with the Sarbanes-Oxley Act by the end of fiscal year 2005. To-date, outside costs of compliance with this Act, including software licenses, equipment, temporary staff, consultants and professional fees amounted to \$1.0 million, and it is anticipated that a similar amount, excluding audit fees, will be expended in the remainder of calendar year 2005.

RESULTS OF OPERATIONS - SUMMARY

In the first six months of fiscal 2005, consolidated net sales increased by \$151.4 million, or 17%, to \$1.04 billion, from the comparable period in fiscal 2004. The primary increase in fiscal 2005 net sales resulted from increases in Staffing Services sales of \$119.9 million and Computer Systems of \$33.7 million.

Net income for the first six months of fiscal 2005 was \$3.7 million compared to \$13.0 million in the comparable 2004 period. The results of the 2004 period included a gain from discontinued operations from the sale of real estate of \$9.5 million. The Company reported a pre-tax income from continuing operations before minority interest for the six months of fiscal 2005 of \$9.4 million, compared to \$5.7 million in the prior year's period.

The Company's operating segments reported an operating profit of \$28.6 million in the six-month period of 2005, an increase of \$5.4 million, or 23%, from the comparable 2004 period. Contributing to the increase was an increase in the operating profit of the Computer Systems segment of \$6.1 million, a decrease in the operating loss of the Telecommunications Services segment of \$0.5 million, partially offset by a decrease in the operating profit of the Staffing Services segment of \$1.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS--Continued

SIX MONTHS ENDED MAY 1, 2005 COMPARED
TO THE SIX MONTHS ENDED MAY 2, 2004--Continued

RESULTS OF OPERATIONS - SUMMARY--Continued

General corporate expenses increased by \$2.1 million, or 14%, due to costs incurred to meet the disaster recovery requirements of redundancy and business continuity for corporate systems and communication networks, as well as salary and professional fee increases. In addition, the Company incurred costs related to compliance with the Sarbanes-Oxley Act.

RESULTS OF OPERATIONS - BY SEGMENT

STAFFING SERVICES

<TABLE>
<CAPTION>

	Six Months Ended					
	May 1, 2005		May 2, 2004		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	Dollars	% of Net Sales	Dollars	% of Net Sales		
Staffing Services (Dollars in Millions)	<C>	<C>	<C>	<C>	<C>	<C>
Staffing Sales (Gross)	\$856.9		\$739.9		\$117.0	15.8%
Managed Service Sales (Gross) *	\$609.8		\$529.8		\$80.0	15.1%
Sales (Net)	\$873.2		\$753.3		\$119.9	15.9%
Gross Profit	\$131.3	15.0%	\$114.8	15.2%	\$16.5	14.4%
Overhead	\$121.6	13.9%	\$103.8	13.8%	(\$17.8)	(17.7%)
Operating Profit	\$9.7	1.1%	\$11.0	1.4%	(\$1.3)	(11.3%)

</TABLE>

*Included in Sales (Gross) are billings for associate vendors which are substantially all excluded from Sales (Net).

The sales increase of the Staffing Services segment in the first six months of fiscal 2005 from the comparable fiscal 2004 period was due to increased staffing business in both the Technical Placement and the Administrative and Industrial divisions and in the VMC Consulting business of the Technical Placement division. The decrease in operating profit in the segment resulted from the decrease in gross margins and the higher overhead costs.

<TABLE>
<CAPTION>

	Six Months Ended					
	May 1, 2005		May 2, 2004		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	Dollars	% of Net Sales	Dollars	% of Net Sales		
Technical Placement Division (Dollars in Millions)	<C>	<C>	<C>	<C>	<C>	<C>
Sales (Gross)	\$1,123.3		\$962.7		\$160.6	16.7%
Sales (Net)	\$541.2		\$456.5		\$84.7	18.5%

Gross Profit	\$89.7	16.6%	\$76.5	16.8%	\$13.2	17.2%
Overhead	\$75.1	13.9%	\$61.5	13.5%	(\$13.6)	(22.0%)
Operating Profit	\$14.6	2.7%	\$15.0	3.3%	(\$0.4)	(2.5%)

</TABLE>

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

SIX MONTHS ENDED MAY 1, 2005 COMPARED TO THE SIX MONTHS ENDED MAY 2, 2004--Continued

STAFFING SERVICES --Continued

The Technical Placement division's increase in gross sales in the first six months of fiscal 2005 from the comparable fiscal 2004 period was due to a 17% sales increase in traditional alternative staffing, a 12% increase in ProcureStaff volume due to new accounts and increased business from existing accounts, and a 26% increase in higher margin VMC Consulting project management and consulting sales. However, substantially all of the ProcureStaff billings are deducted in arriving at net sales due to the use of associate vendors who have contractually agreed to be paid only upon receipt by the Company of the customers' payment. The decrease in the operating profit was the result of the increase in overhead as a percentage of net sales and the decrease in gross margin percentage, partially offset by the increased sales. The increase in overhead was principally due to a 26% increase in indirect labor and related payroll costs incurred to sustain the growth of the division, including the VMC Consulting business.

<TABLE>

<CAPTION>

Administrative & Industrial Division (Dollars in Millions)	Six Months Ended					
	May 1, 2005		May 2, 2004		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	Dollars	% of Net Sales	Dollars	% of Net Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales (Gross)	\$343.4		\$307.0		\$36.4	11.9%
Sales (Net)	\$332.0		\$296.8		\$35.2	11.9%
Gross Profit	\$41.6	12.5%	\$38.3	12.9%	\$3.3	8.8%
Overhead	\$46.5	14.0%	\$42.3	14.3%	(\$4.2)	(10.0%)
Operating Loss	(\$4.9)	(1.5%)	(\$4.0)	(1.4%)	(\$0.9)	(21.3%)

</TABLE>

The Administrative and Industrial division's increase in gross sales in the first six months of fiscal 2005 resulted from revenue from both new accounts and increased business from existing accounts. The increased operating loss was a result of the decreased gross margin percentage, partially offset by the decrease in overhead as a percentage of sales and the increased sales. The decrease in gross margin percentage was primarily due to higher payroll taxes.

Although the markets for the segment's services include a broad range of industries throughout the United States and Europe, general economic difficulties in specific geographic areas or industrial sectors have in the past and could, in the future, affect the profitability of the segment.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS--Continued

SIX MONTHS ENDED MAY 1, 2005 COMPARED
TO THE SIX MONTHS ENDED MAY 2, 2004--Continued

TELEPHONE DIRECTORY

<TABLE>
<CAPTION>

Telephone Directory (Dollars in Millions)	Six Months Ended					
	May 1, 2005		May 2, 2004		Favorable \$ Change	Favorable % Change
	Dollars	% of Net Sales	Dollars	% of Net Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
	(Restated)		(Restated)			
Sales (Net)	\$33.1		\$32.7		\$0.4	1.2%
Gross Profit	\$17.5	52.9%	\$17.0	52.1%	\$0.5	2.8%
Overhead	\$12.9	39.0%	\$12.4	38.0%	(\$0.5)	(3.8%)
Operating Profit	\$4.6	13.9%	\$4.6	14.1%	\$0.0	0.3%

</TABLE>

The major components of the Telephone Directory segment's sales increase for the first six months of fiscal 2005 compared to the comparable 2004 period were an increase of \$2.1 million in systems revenue to \$2.6 million, partially offset by a decrease of \$1.7 million, or 5%, in publishing revenue. The increase in systems sales was due to an increase in the number of telephone directory systems sold during the period. The publishing revenue decrease was principally due to the community telephone directory operation of DataNational, as sales decreased by \$0.4 million, or 2%, from the prior year, a decrease in the sales of the Uruguayan directory operation, as sales decreased by \$0.6 million and the elimination of a directory publication sold in fiscal 2004. The DataNational and Uruguayan variances in revenue were due to the changes in the number of directories printed and delivered. The segment's operating profit remained the same as in the comparable period in fiscal 2004 as a result of the sales increase, the increase in gross margin percentage due to the increased margins on the directory systems sold, offset by lower margins recognized on the Uruguayan telephone directories published in the period, and the increase in overhead as a percentage of sales.

Other than the DataNational division, which accounted for 60% of the segment's fiscal 2005 first six months' sales, the segment's business is obtained through submission of competitive proposals for production and other contracts. These short and long-term contracts are re-bid after expiration. Many of this segment's long-term contracts contain cancellation provisions under which the customer can cancel the contract, even if the segment is not in default under the contract and generally do not provide for a minimum amount of work to be awarded to the segment. While the Company has historically secured new contracts and believes it can secure renewals and/or extensions of most of these contracts, some of which are material to this segment, and obtain new business, there can be no assurance that contracts will be renewed or extended, or that additional or replacement contracts will be awarded to the Company on satisfactory terms. In addition, this segment's sales and profitability are highly dependent on advertising revenue for DataNational's directories, which could be affected by general economic conditions.

TELECOMMUNICATIONS SERVICES

<TABLE>
<CAPTION>

Telecommunications Services ----- (Dollars in Millions)	Six Months Ended					
	May 1, 2005		May 2, 2004		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	% of Net Dollars	% of Sales	% of Net Dollars	% of Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales (Net)	\$63.1		\$63.4		(\$0.3)	(0.4%)
Gross Profit	\$12.4	19.7%	\$15.1	23.9%	(\$2.7)	(18.1%)
Overhead	\$14.6	23.2%	\$17.8	28.2%	\$3.2	18.0%
Operating Loss	(\$2.2)	(3.5%)	(\$2.7)	(4.3%)	\$0.5	17.8%

</TABLE>

The Telecommunications Services segment's sales decrease in the first six months of fiscal 2005 over the comparable 2004 period was due to a 33% decrease in the sales of the Business Systems division, and a 31%, decrease in the sales of the Central Office division, partially offset by a 42% increase in the sales of the Construction and Engineering division resulting from customer acceptance of construction work accounted for using the completed-contract method. The decrease in the operating loss was due to the decrease in overhead as a percentage of sales (which included in the 2004 period, a previously reported \$1.3 million charge in the six months of fiscal 2004 related to a domestic consulting contract for services), partially offset by the decrease in sales and the decrease in gross margin. The segment's decreased gross margin was primarily comprised of an 8.9 percentage point decrease in Business Systems, partially offset by a 2.9 percentage point increase in Central Office. Despite an emphasis on cost controls, the results of the segment continue to be affected by the decline in capital spending by telephone companies caused by the depressed conditions within the segment's telecommunications industry customer base. This factor has also increased competition for available work, pressuring pricing and gross margins throughout the segment. Recent actions by major long-distance telephone companies regarding local residential service have negatively impacted sales and continue to impact margins of the segment.

A substantial portion of the business in this segment is obtained through the submission of competitive proposals for contracts, which typically expire within one to three years and are re-bid. Many of this segment's Long-term contracts contain cancellation provisions under which the customer can cancel the contract, even if the segment is not in default under the contract and generally do not provide for a minimum amount of work to be awarded to the segment. While the Company believes it can secure renewals and/or extensions of most of these contracts, some of which are material to this segment, and obtain new business, there can be no assurances that contracts will be renewed or extended or that additional or replacement contracts will be awarded to the Company on satisfactory terms.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

SIX MONTHS ENDED MAY 1, 2005 COMPARED
TO THE SIX MONTHS ENDED MAY 2, 2004--Continued

COMPUTER SYSTEMS

<TABLE>
<CAPTION>Six Months Ended

Computer Systems (Dollars in Millions)	May 1, 2005		May 2, 2004		Favorable \$ Change	Favorable % Change
	Dollars	% of Net Sales	Dollars	% of Net Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales (Net)	\$84.1		\$50.4		\$33.7	66.8%
Gross Profit	\$44.8	53.3%	\$28.5	56.6%	\$16.3	57.1%
Overhead	\$28.3	33.6%	\$18.1	36.0%	\$10.2	55.9%
Operating Profit	\$16.5	19.7%	\$10.4	20.6%	\$6.1	59.1%

The Computer Systems segment's sales increase in the first six months of fiscal 2005 over the comparable 2004 period was primarily due to improvements in the segment's operator services business, including ASP directory assistance, which reflected a 91% growth in sales during the quarter, a sales increase of 53% in DataServ's directory assistance services which are provided to non-telco enterprise customers, a 13% sales growth in the Maintech division's IT maintenance services, and a 245% increase in product revenue recognized. The sales increases noted above included \$14.8 million of DOS Business acquired from Nortel Networks, which represented 18% of the segment's sales for the 2005 period. The growth in operating profit from the comparable 2004 period was the result of the increase in sales, the decrease in overhead as a percentage of sales, partially offset by the decrease in gross margin percentage.

Volt Delta, the entity which operates the Computer Systems segment, acquired certain assets and liabilities of the DOS Business of Nortel Networks on August 2, 2004 in exchange for a 24% equity interest in the segment. This acquisition permits Volt Delta to provide the newly combined customer base with new solutions and an expanded suite of products, content and enhanced services.

This segment's results are highly dependent on the volume of calls to the segment's customers that are processed by the segment under existing contracts with telephone companies, the segment's ability to continue to secure comprehensive telephone listings from others, its ability to obtain additional customers for these services and its continued ability to sell products and services to new and existing customers.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

SIX MONTHS ENDED MAY 1, 2005 COMPARED TO THE SIX MONTHS ENDED MAY 2, 2004--Continued

RESULTS OF OPERATIONS -- OTHER

Other (Dollars in Millions)	Six Months Ended		Favorable \$ Change	Favorable % Change		
	May 1, 2005	May 2, 2004				
<S>	<C>	<C>	<C>	<C>		
Selling & Administrative *	\$43.0	4.1%	\$38.0	4.3%	(\$5.0)	(13.4%)
Depreciation & Amortization	\$15.0	1.4%	\$12.4	1.4%	(\$2.6)	(21.5%)
Interest Income	\$1.1	0.1%	\$0.4	-	\$0.7	160.3%
Other Expense	(\$1.9)	0.2%	(\$1.9)	0.2%	-	0.4%

Foreign Exchange Loss	(\$0.3)	-	(\$0.1)	-	(\$0.2)	(271.4%)
Interest Expense	(\$1.0)	0.1%	(\$0.9)	0.1%	(\$0.1)	(8.4%)

</TABLE>

* The first six months of fiscal 2004 amount has been restated

Other items, discussed on a consolidated basis, affecting the results of operations for the fiscal periods were:

The increase in selling and administrative expenses in the first six months of fiscal 2005 from the comparable 2004 quarter was a result of increased selling expenses to support the increased sales levels throughout the Company, in addition to increased corporate general and administrative expenses related to costs to meet the disaster recovery requirements of redundancy and business continuity for corporate systems and communications networks. In addition, the Company incurred increased salaries, professional fees and costs related to compliance with the Sarbanes-Oxley Act.

The increase in depreciation and amortization for the first six months of fiscal 2005 from the comparable 2004 quarter was attributable to increases in fixed assets, primarily in the Computer Systems and Staffing Services segments.

Interest income increased due to higher interest rates together with additional funds available for investment.

Other expense in both fiscal years is primarily the charges related to the Company's Securitization Program as well as sundry expenses.

The Company's effective tax rate on its financial reporting pre-tax income from continuing operations was 39.2% in the first six months of 2005 compared to 38.8% in 2004.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

THREE MONTHS ENDED MAY 1, 2005 COMPARED TO THE THREE MONTHS ENDED MAY 2, 2004--Continued

RESULTS OF OPERATIONS - SUMMARY

In the second quarter of fiscal 2005, consolidated net sales increased by \$67.6 million, or 14%, to \$546.0 million, from the comparable period in fiscal 2004. The primary increase in fiscal 2005 net sales resulted from increases in Staffing Services sales of \$47.2 million, Computer Systems of \$16.6 million and Telecommunications Services of \$4.4 million.

Net income for the second quarter of fiscal 2005 was \$4.5 million compared to \$14.1 million in the comparable 2004 second quarter. The consolidated results for the second quarter of fiscal 2004 included income from discontinued operations of \$9.5 million (net of taxes of \$4.6 million) from the sale of a facility previously leased to the Company's 59% owned subsidiary, Autologic International, Inc. The Company reported a pre-tax income from continuing operations before minority interest for the second quarter of fiscal 2005 of \$9.2 million, compared to \$7.5 million in the prior year's second quarter.

The Company's operating segments reported an operating profit of \$19.0 million in the fiscal 2005 quarter, an increase of \$2.4 million, or 14%, from the comparable 2004 quarter. Contributing to the increase were increases in the operating profit of the Computer Systems segment of \$3.1 million and the Telephone Directory segment of \$0.5 million and an improvement in the Telecommunications Services segment of \$1.0 million, partially offset by a decrease in the operating profit of the Staffing Services segment of \$2.3 million.

General corporate expenses increased by \$1.3 million, or 18%, due to costs incurred to meet the disaster recovery requirements of redundancy and business continuity for corporate systems and communication networks, as well as salary

and professional fee increases. In addition, the Company incurred costs related to compliance with the Sarbanes-Oxley Act.

RESULTS OF OPERATIONS - BY SEGMENT

STAFFING SERVICES

<TABLE>
<CAPTION>

	Three Months Ended					
	May 1, 2005		May 2, 2004		Favorable	Favorable
(Dollars in Millions)	Dollars	% of Net Sales	Dollars	% of Net Sales	(Unfavorable) \$ Change	(Unfavorable) % Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Staffing Sales (Gross)	\$442.8		\$397.2		\$45.6	11.5%
Managed Service Sales (Gross) *	\$312.3		\$291.7		\$20.6	7.1%
Sales (Net)	\$452.9		\$405.7		\$47.2	11.6%
Gross Profit	\$69.7	15.4%	\$63.3	15.6%	\$6.4	10.1%
Overhead	\$62.4	13.8%	\$53.7	13.2%	(\$8.7)	(16.2%)
Operating Profit	\$7.3	1.6%	\$9.6	2.4%	(\$2.3)	(24.1%)

</TABLE>

*Included in Sales (Gross) are billings for associate vendors which are substantially all excluded from Sales (Net).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

THREE MONTHS ENDED MAY 1, 2005 COMPARED TO THE THREE MONTHS ENDED MAY 2, 2004--Continued

RESULTS OF OPERATIONS - BY SEGMENT --Continued

STAFFING SERVICES--Continued

The sales increase of the Staffing Services segment in the fiscal 2005 second quarter from the comparable fiscal 2004 quarter was due to increased staffing business in both the Technical Placement and the Administrative and Industrial divisions and in the VMC Consulting business of the Technical Placement division. The decrease in operating profit in the segment resulted from the decrease in gross margins and the higher overhead costs.

<TABLE>
<CAPTION>

	Three Months Ended					
	May 1, 2005		May 2, 2004		Favorable	Favorable
(Dollars in Millions)	Dollars	% of Net Sales	Dollars	% of Net Sales	(Unfavorable) \$ Change	(Unfavorable) % Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales (Gross)	\$580.0		\$524.5		\$55.5	10.6%
Sales (Net)	\$283.3		\$247.3		\$36.0	14.6%

Gross Profit	\$48.2	17.0%	\$42.8	17.3%	\$5.4	12.7%
Overhead	\$39.0	13.8%	\$32.0	13.0%	(\$7.0)	(21.7%)
Operating Profit	\$9.2	3.2%	\$10.8	4.3%	(\$1.6)	(14.4%)

</TABLE>

The Technical Placement division's increase in gross sales in the second quarter of fiscal 2005 from the comparable fiscal 2004 quarter was due to an 13% sales increase in traditional alternative staffing, a 4% increase in ProcureStaff volume due to new accounts and increased business from existing accounts, and a 24% increase in higher margin VMC Consulting project management and consulting sales. However, substantially all of the ProcureStaff billings are deducted in arriving at net sales due to the use of associate vendors who have contractually agreed to be paid only upon receipt by the Company of the customers' payment. The decrease in the operating profit was the result of the increase in overhead as a percentage of sales, the reduction in gross margin percentage, partially offset by the increased sales. The increase in overhead was principally due to a 26% increase in indirect labor and related payroll costs incurred to sustain the growth of the division, including the VMC Consulting business.

<TABLE>

<CAPTION>

Administrative & Industrial Division ----- (Dollars in Millions)	Three Months Ended					
	May 1, 2005		May 2, 2004		Favorable Net (Unfavorable) \$ Change	Favorable Net (Unfavorable) % Change
	Dollars	% of Net Sales	Dollars	% of Net Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales (Gross)	\$175.1		\$164.4		\$10.7	6.6%
Sales (Net)	\$169.6		\$158.4		\$11.2	7.1%
Gross Profit	\$21.5	12.7%	\$20.5	13.0%	\$1.0	4.9%
Overhead	\$23.4	13.8%	\$21.7	13.7%	(\$1.7)	(8.1%)
Operating Loss	(\$1.9)	(1.1%)	(\$1.2)	(0.7%)	(\$0.7)	(65.5%)

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

THREE MONTHS ENDED MAY 1, 2005 COMPARED TO THE THREE MONTHS ENDED MAY 2, 2004--Continued

STAFFING SERVICES --Continued

The Administrative and Industrial division's increase in gross sales in the second quarter of fiscal 2005 compared to the fiscal 2004 second quarter resulted from both revenue from new accounts and increased business from existing accounts. The increase in the operating loss was due to the reduced gross margins, the increase in overhead as a percentage of sales, partially offset by the increase in sales. The decrease in gross margin was due to higher payroll taxes.

TELEPHONE DIRECTORY

<TABLE>

<CAPTION>

Telephone Directory	Three Months Ended				Favorable	Favorable
	May 1, 2005		May 2, 2004			
	Dollars	% of	Dollars	% of		

(Dollars in Millions)	Net		Net (Unfavorable)		(Unfavorable)	
	Dollars	Sales	Dollars	Sales	\$ Change	% Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
	(Restated)		(Restated)			
Sales (Net)	\$17.4		\$16.8		\$0.6	3.2%
Gross Profit	\$9.2	52.8%	\$8.1	48.1%	\$1.1	13.4%
Overhead	\$6.7	38.4%	\$6.1	36.2%	(\$0.6)	(9.6%)
Operating Profit	\$2.5	14.4%	\$2.0	11.9%	\$0.5	25.4%

</TABLE>

The major components of the Telephone Directory segment's sales increase for the second quarter of fiscal 2005 compared to the comparable 2004 quarter were increases of \$0.7 million in telephone directory systems sold in the quarter to \$1.0 million and \$0.6 million or 7%, in the community telephone directory operation of DataNational, partially offset by a decrease of \$0.3 million, or 21%, in the Uruguayan telephone directory publishing revenue and the elimination of a directory publication sold in fiscal 2004. The DataNational and Uruguayan variances in revenue were due to changes in the number of directories printed and delivered. The segment's increased operating profit was the result of the sales increase, the increase in gross margin percentage, primarily due to the high margin system sales and the mix of directories published by DataNational in the period, partially offset by the increase in overhead.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

THREE MONTHS ENDED MAY 1, 2005 COMPARED TO THE THREE MONTHS ENDED MAY 2, 2004--Continued

TELECOMMUNICATIONS SERVICES

<TABLE>
<CAPTION>

(Dollars in Millions)	Three Months Ended					
	May 1, 2005		May 2, 2004		Favorable	Favorable
	Dollars	% of Net Sales	Dollars	% of Net Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales (Net)	\$37.9		\$33.5		\$4.4	13.2%
Gross Profit	\$7.9	20.9%	\$8.0	23.9%	(\$0.1)	(0.8%)
Overhead	\$7.7	20.4%	\$8.8	26.3%	\$1.1	12.2%
Operating Profit (Loss)	\$0.2	0.5%	(\$0.8)	(2.4%)	\$1.0	125.5%

</TABLE>

The Telecommunications Services segment's sales increase in the second quarter of fiscal 2005 over the comparable 2004 quarter was due to a 78% sales increase in the Construction and Engineering division due to customer acceptance of construction work accounted for using the completed-contract method, partially offset by a 43% sales decrease in the Business Systems division. The segment's return to profitability for the quarter was due to the sales increase and the decrease in overhead, partially offset by the decrease in gross margin percentage caused by the Business Systems margin decrease of 6.5 percentage points. Despite an emphasis on cost controls, the results of the segment

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Selling & Administrative *	\$22.2	4.1%	\$19.0	4.0%	(\$3.2)	(16.5%)	
Depreciation & Amortization	\$7.5	1.4%	\$6.2	1.3%	(\$1.3)	(21.1%)	
Interest Income	\$0.5	0.1%	\$0.2	-	\$0.3	178.2%	
Other Expense	(\$0.8)	(0.2%)	(\$1.1)	(0.2%)	\$0.3	23.6%	
Foreign Exchange Loss	(\$0.1)	-	(\$0.1)	-	-	-	
Interest Expense	(\$0.4)	(0.1%)	(\$0.4)	(0.1%)	-	-	

</TABLE>

*The second quarter of fiscal 2004 amount has been restated.

Other items, discussed on a consolidated basis, affecting the results of operations for the fiscal periods were:

The increase in selling and administrative expenses in the second quarter of fiscal 2005 from the comparable 2004 quarter was a result of increased selling expenses to support the increased sales levels throughout the Company, in addition to increased corporate general and administrative expenses related to costs to meet the disaster recovery requirements of redundancy and business continuity for corporate systems and communications networks. In addition, the Company incurred increased salaries, professional fees and costs related to compliance with the Sarbanes-Oxley Act.

The increase in depreciation and amortization for the second quarter of fiscal 2005 from the comparable 2004 quarter was attributable to increases in fixed assets, primarily in the Computer Systems and Staffing Services segments.

Interest income increased due to higher interest rates together with additional funds available for investment.

Other expense in both fiscal years is primarily the charges related to the Company's Securitization Program as well as sundry expenses.

The Company's effective tax rate on its financial reporting pre-tax income from continuing operations was 38.9% in the second fiscal quarter of 2005 and 2004.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

Liquidity and Capital Resources

Cash and cash equivalents, including restricted cash held in escrow for ProcureStaff and Viewtech customers of \$26.4 million and \$43.7 million at May 1, 2005 and October 31, 2004, respectively, increased by \$0.6 million to \$88.6 million in the six months ended May 1, 2005. Unrestricted cash and cash equivalents increased to \$62.2 million at May 1, 2005 from \$44.3 million at October 31, 2004.

Operating activities provided \$14.7 million of cash in the first six months of fiscal 2005. In the comparable fiscal 2004 period, operating activities used \$1.0 million in cash.

Operating activities in the first six months of fiscal 2005, exclusive of changes in operating assets and liabilities, produced \$22.8 million of cash, as the Company's net income of \$3.7 million included non-cash charges primarily for depreciation and amortization of \$15.0 million, accounts receivable provisions of \$1.9 million, and minority interest of \$3.3 million, partially offset by a deferred tax benefit of \$1.2 million. In the first six months of fiscal 2004, operating activities, exclusive of changes in operating assets and liabilities, produced \$17.4 million of cash, as the Company's net income of \$13.0 million included non-cash charges primarily for depreciation of \$12.4 million, and accounts receivable provisions of \$1.8 million, partially offset by income from

discontinued operations of \$9.5 million.

Changes in operating assets and liabilities used \$8.1 million of cash, net, in the first six months of fiscal 2005 principally due to a decrease in the level of accounts payable and accrued expenses of \$12.0 million, a decrease in income taxes payable of \$7.0 million and an increase in prepaid and other assets of \$4.7 million, partially offset by an increase in securitization of receivables of \$10.0 million, and a decrease in the level of accounts receivable of \$5.9 million. In the first six months of fiscal 2004 changes in operating assets and liabilities used \$18.4 million of cash, net, principally due to an increase in the level of accounts receivable of \$35.2 million and a \$20.0 million reduction in the participation interest sold under the Company's Securitization Program, partially offset by an increase in the level of accounts payable and accrued expenses of \$27.7 million, an increase in the level of deferred income and other liabilities of \$3.2 million and a decrease in the level of inventory of \$5.9 million.

The \$10.5 million of cash applied to investing activities for the first six months of fiscal 2005 resulted from the net additions to property, plant and equipment totaling of \$10.9, offset by the net reduction in investments of \$0.4. The principal factors in the \$1.9 million of cash provided by investing activities for the first six months of fiscal 2004 were the \$18.5 million in proceeds from the sale of real estate, previously leased to the Company's former 59%-owned subsidiary, substantially offset by the net additions to property, plant and equipment totaling \$16.7 million.

The principal factors in the \$3.4 million of cash applied to financing activities in the first six months of fiscal 2005 was a decrease in the level of bank loans of \$4.1 million, partially offset by the funds received from employees' exercises of stock options of \$0.9 million. The principal factors in the \$0.2 million of cash applied to financing activities in the first six months of fiscal 2004 were repayments of long-term debt and notes payable to banks of \$0.3 million.

Commitments

- - - - -

There has been no material change through May 1, 2005 in the Company's contractual cash obligations and other commercial commitments from that reported in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

Off-Balance Sheet Financing

- - - - -

The Company has no off-balance sheet financing arrangements, as that term has meaning in Item 303(a) (4) of Regulation S-K.

Securitization Program

- - - - -

In April 2005, the Company amended its \$150.0 million accounts receivable securitization program ("Securitization Program") to provide that the expiration date be extended from April 2006 to April 2007. Under the Securitization Program, receivables related to the United States operations of the staffing solutions business of the Company and its subsidiaries are sold from time-to-time by the Company to Volt Funding Corp., a wholly owned special purpose subsidiary of the Company ("Volt Funding"). Volt Funding, in turn, sells to Three Rivers Funding Corporation ("TRFCO"), an asset backed commercial paper conduit sponsored by Mellon Bank, N.A., an undivided percentage ownership interest in the pool of receivables Volt Funding acquires from the Company (subject to a maximum purchase by TRFCO in the aggregate of \$150.0 million). The Company retains the servicing responsibility for the accounts receivable. At May 1, 2005, TRFCO had purchased from Volt Funding a participation interest of \$80.0 million out of a pool of approximately \$256.4 million of receivables.

The Securitization Program is not an off-balance sheet arrangement as Volt Funding is a 100% owned consolidated subsidiary of the Company, with accounts

receivable only reduced to reflect the fair value of receivables actually sold. The Company entered into this arrangement as it provided a low-cost alternative to other forms of financing.

The Securitization Program is designed to enable receivables sold by the Company to Volt Funding to constitute true sales of those receivables. As a result, the receivables are available to satisfy Volt Funding's own obligations to its own creditors before being available, through the Company's residual equity interest in Volt Funding, to satisfy the Company's creditors (subject also, as described above, to the security interest that the Company granted in the common stock of Volt Funding in favor of the lenders under the Company's Credit Facility). TRFCO has no recourse to the Company (beyond its interest in the pool of receivables owned by Volt Funding) for any of the sold receivables.

In the event of termination of the Securitization Program, new purchases of a participation interest in receivables by TRFCO would cease and collections reflecting TRFCO's interest would revert to it. The Company believes TRFCO's aggregate collection amounts should not exceed the pro rata interests sold. There are no contingent liabilities or commitments associated with the Securitization Program.

The Company accounts for the securitization of accounts receivable in accordance with SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." At the time a participation interest in the receivables is sold, the receivable representing that interest is removed from the consolidated balance sheet (no debt is recorded) and the proceeds from the sale are reflected as cash provided by operating activities. Losses and expenses associated with the transactions, primarily related to discounts incurred by TRFCO on the issuance of its commercial paper, are charged to the consolidated statement of operations.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

Securitization Program--Continued

The Securitization Program is subject to termination at TRFCO's option, under certain circumstances, including, among other things, the default rate, as defined, on receivables exceeding a specified threshold, the rate of collections on receivables failing to meet a specified threshold, the Company failing to maintain a long-term debt rating of "B" or better or the equivalent thereof from a nationally recognized rating organization or a default occurring and continuing on indebtedness for borrowed money of at least \$5.0 million. At May 1, 2005, the Company was in compliance with all requirements of its Securitization Program.

Credit Lines

In April 2005, the Company amended its secured, syndicated, revolving credit agreement ("Credit Agreement") which was to expire in April 2005, to, among other things, extend the term for three years to April 2008 and increase the line from \$30.0 million to \$40.0 million. In July 2004, this program was amended to release Volt Delta Resources, LLC ("Volt Delta") as a guarantor and collateral grantor under the Credit Agreement due to the previously announced agreement between Volt Delta and Nortel Networks Inc. ("Nortel Networks"). At May 1, 2005, the Company had credit lines with domestic and foreign banks which provided for borrowings and letters of credit up to an aggregate of \$51.7 million, including \$40.0 million under the Credit Agreement.

The Credit Agreement established a credit facility ("Credit Facility") in favor of the Company and designated subsidiaries, of which up to \$15.0 million may be used for letters of credit. Borrowings by subsidiaries are limited to \$25.0 million in the aggregate. The administrative agent for the secured Credit Facility is JPMorgan Chase Bank. The other banks participating in the Credit Facility are Mellon Bank, N.A., Wells Fargo Bank, N.A., Lloyds TSB Bank PLC and Bank of America, N.A..

Borrowings under the Credit Facility are to bear interest at various rate options selected by the Company at the time of each borrowing. Certain rate

options, together with a facility fee, are based on a leverage ratio, as defined. Additionally, interest and the facility fees can be increased or decreased upon a change in the Company's long-term debt rating provided by a nationally recognized rating agency. As amended, in lieu of the previous borrowing base formulation, the Credit Agreement now requires the maintenance of specified accounts receivable collateral in excess of any outstanding borrowings. Based upon the Company's leverage ratio and debt rating at May 1, 2005, if a three-month U.S. Dollar LIBO rate were the interest rate option selected by the Company, borrowings would have borne interest at the rate of 4.0% per annum. At May 1, 2005, the facility fee was 0.3% per annum.

The Credit Agreement provides for the maintenance of various financial ratios and covenants, including, among other things, a requirement that the Company maintain a consolidated tangible net worth, as defined; a limitation on cash dividends, capital stock repurchases and redemptions by the Company in any one fiscal year to 50% of consolidated net income, as defined, for the prior fiscal year; and a requirement that the Company maintain a ratio of EBIT, as defined, to interest expense, as defined, of 1.25 to 1.0 for the twelve months ending as of the last day of each fiscal quarter. The Credit Agreement also imposes limitations on, among other things, the incurrence of additional indebtedness, the incurrence of additional liens, sales of assets, the level of annual capital expenditures, and the amount of investments, including business acquisitions and investments in joint ventures, and loans that may be made by the Company and its subsidiaries. At May 1, 2005, the Company was in compliance with all covenants in the Credit Agreement.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

Credit Lines--Continued

The Company is liable on all loans made to it and all letters of credit issued at its request, and is jointly and severally liable as to loans made to subsidiary borrowers. However, unless also a guarantor of loans, a subsidiary borrower is not liable with respect to loans made to the Company or letters of credit issued at the request of the Company, or with regard to loans made to any other subsidiary borrower. Under the new amendment, five subsidiaries of the Company remain as guarantors of all loans made to the Company or to subsidiary borrowers under the Credit Facility. At May 1, 2005, four of those guarantors have pledged approximately \$42.7 million of accounts receivable, other than those in the Securitization Program, as collateral for the guarantee obligations. Under certain circumstances, other subsidiaries of the Company also may be required to become guarantors under the Credit Facility

At May 1, 2005, the Company had total outstanding foreign currency bank borrowings of \$4.0 million, none of which were under the Credit Agreement. Subsequent to May 1, 2005, the Company borrowed two million Euros (\$2.6 million) under the Credit Agreement. These bank borrowings provide a hedge against devaluation in foreign currency denominated assets.

Summary

The Company believes that its current financial position, working capital, future cash flows from operations, credit lines and accounts receivable Securitization Program will be sufficient to fund its presently contemplated operations and satisfy its obligations through, at least, the next twelve months.

New Accounting Pronouncements and New Laws to be Effective in Fiscal 2005

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs-an Amendment of ARB No. 43, Chapter 4," which clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs, and spoilage. This Statement requires that these items be recognized as period costs even if the amounts are not considered to be abnormal. The provisions of this Statement are effective for inventory costs incurred in fiscal years beginning after June 15, 2005. The Company does not believe that the adoption of this Statement in fiscal 2006 will have a material impact on the Company's consolidated financial position or

results of operations.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets-an Amendment of APB Opinion No. 29," to eliminate the exception for nonmonetary exchanges of similar productive assets and replace it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. The provisions of this Statement are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005, with early application permitted for exchanges beginning after November 2004. The Company does not believe that the adoption of this Statement in fiscal 2005 will have a material impact on the Company's consolidated financial position or results of operations.

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment," which replaces the superseded SFAS No. 123, "Accounting for Stock-Based Compensation." This Statement requires that all entities apply a fair-value-based measurement method in accounting for share-based payment transactions with employees and suppliers when the entity acquires goods or services. The provisions of this Statement are required to be adopted by the Company beginning October 31, 2005. The Company is currently assessing the impact that the adoption will have on the Company's consolidated financial position and results of operations.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

New Accounting Pronouncements and New Laws to be Effective in Fiscal 2005--

Continued

The American Jobs Creation Act of 2004 (the "Act") provided for a special one-time tax deduction of 85% of certain foreign earnings that are repatriated. The Company is currently assessing the impact the Act will have on the Company's consolidated financial position and results of operations.

Related Party Transactions

During the first six months of fiscal 2005, the Company paid or accrued \$0.6 million to the law firms of which Lloyd Frank, a director, is of counsel, for services rendered to the Company and expenses reimbursed. During that quarter, the Company also paid \$5,000 to the law firm of which Bruce Goodman, a director, is a partner, for services rendered to the Company.

The Company rents approximately 2,600 square feet of office space to a corporation owned by Steven A. Shaw, an officer and director, in the Company's El Segundo, California facility, which the Company does not require for its own use, on a month-to-month basis at a rental of \$1,750 per month. Based on the nature of the premises and a recent market survey conducted for the Company, the Company believes the rent is the fair market rental for such space.

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ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the potential economic loss that may result from adverse changes in the fair value of financial instruments. The Company's earnings, cash flows and financial position are exposed to market risks relating to fluctuations in interest rates and foreign currency exchange rates. The Company has cash and cash equivalents on which interest income is earned at variable rates. The Company also has credit lines with various domestic and foreign banks, which provide for borrowings and letters of credit, as well as a \$150 million accounts receivable securitization program to provide the Company with additional liquidity to meet its short-term financing needs.

The interest rates on these borrowings and financing are variable and, therefore, interest and other expense and interest income are affected by the general level of U.S. and foreign interest rates. Based upon the current levels

of cash invested, notes payable to banks and utilization of the securitization program, on a short-term basis, as noted below in the tables, a hypothetical 100-basis-point (1%) increase or decrease in interest rates would increase or decrease its annual net interest expense and securitization costs by \$46,000, respectively.

The Company has a term loan, as noted in the table below, which consists of borrowings at fixed interest rates, and the Company's interest expense related to these borrowings is not affected by changes in interest rates in the near term. The fair value of the fixed rate term loan was approximately \$14.9 million at May 1, 2005. This fair value was calculated by applying the appropriate fiscal year-end interest rate supplied by the lender to the Company's present stream of loan payments.

The Company holds short-term investments in mutual funds for the Company's deferred compensation plan. At May 1, 2005, the total market value of these investments was \$3.9 million, all of which are being held for the benefit of participants in a non-qualified deferred compensation plan with no risk to the Company.

The Company has a number of overseas subsidiaries and is, therefore, subject to exposure from the risk of currency fluctuations as the value of foreign currencies fluctuates against the dollar, which may impact reported earnings. As of May 1, 2005, the total of the Company's net investment in foreign operations was \$8.6 million. The Company attempts to reduce these risks by utilizing foreign currency option and exchange contracts, as well as borrowing in foreign currencies, to hedge the adverse impact on foreign currency net assets when the dollar strengthens against the related foreign currency. As of May 1, 2005, the total of the Company's foreign exchange contracts was \$5.5 million, leaving a balance of net foreign assets exposed of \$3.1 million. The amount of risk and the use of foreign exchange instruments described above are not material to the Company's financial position or results of operations and the Company does not use these instruments for trading or other speculative purposes. Based upon the current levels of net foreign assets, a hypothetical weakening of the U.S. dollar against these currencies at May 1, 2005 by 10% would result in a pretax gain of \$0.6 million related to these positions. Similarly, a hypothetical strengthening of the U.S. dollar against these currencies at May 1, 2005 by 10% would result in a pretax loss of \$0.6 million related to these positions.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK--Continued

The tables below provide information about the Company's financial instruments that are sensitive to either interest rates or exchange rates at May 1, 2005. For cash and debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates. For foreign exchange agreements, the table presents the currencies, notional amounts and weighted average exchange rates by contractual maturity dates. The information is presented in U.S. dollar equivalents, which is the Company's reporting currency.

<TABLE>
<CAPTION>

Interest Rate Market Risk	Payments Due by Period as of May 1, 2005				
	Total	Less than 1 year	1-3 Years	3-5 Years	After 5 Years
	(Dollars in thousands of US\$)				
<S>	<C>	<C>	<C>	<C>	<C>
Cash and Cash Equivalents					
Money Market and Cash Accounts		\$88,614	\$88,614		
Weighted Average Interest Rate		2.6%	2.6%		
Total Cash and Cash Equivalents		\$88,614	\$88,614		

Securitization Program					

Accounts Receivable Securitization		\$80,000	\$80,000		
Finance Rate		3.7%	3.7%		
		-----	-----		
Securitization Program		\$80,000	\$80,000		
		=====	=====		
Debt					

Term Loan	\$13,934	\$416	\$941	\$1,109	\$11,468
Interest Rate	8.2%	8.2%	8.2%	8.2%	8.2%
Payable to Nortel Networks	\$1,914	\$1,914			
Interest Rate	6.0%	6.0%			
Notes Payable to Banks	\$4,007	\$4,007			
Weighted Average Interest Rate	5.5%	5.5%	-	-	-
	-----	-----	-----	-----	-----
Total Debt	\$19,855	\$6,337	\$941	\$1,109	\$11,468
	=====	=====	=====	=====	=====

</TABLE>

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK--Continued

Foreign Exchange Market Risk

	Contract Values			

	Contract	Less Than	Fair	
	Exchange Rate	Total	1 Year	Value (1)
	-----	-----	-----	-----
	(Dollars in thousands of U.S. \$)			
Option Contract				

Canadian \$ to U.S.\$	1.37	\$2,920	\$2,920	\$18
Forward Contract				

Euro to U.S.\$	1.29	2,573	2,573	1
	-----	-----	-----	
Total Exchange Contracts		\$5,493	\$5,493	\$19
		=====	=====	=====

(1) Represents the fair value of the foreign contracts at May 1, 2005.

ITEM 4 - CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company carried out an evaluation of the effectiveness of the design and operation of its "disclosure controls and procedures," as defined in, and pursuant to, Rule 13a-15 of the Securities Exchange Act of 1934, as of May 1, 2005 under the supervision and with the participation of the Company's management, including the Company's Chairman of the Board, President and Principal Executive Officer (the "CEO") and its Senior Vice President and Principal Financial Officer (the "CFO"). Based on that evaluation, the Company's CEO and its CFO concluded that, as of the date of their evaluation, the Company's disclosure controls and procedures were effective as of May 1, 2005 to ensure that material information relating to the Company and its subsidiaries is made known to them on a timely basis.

Prior Period Weaknesses in Internal Controls

The Company's operation in Uruguay (which is part of the Telephone Directory segment) printed its Montevideo telephone directory each year during the October-November timeframe, and revenue should have been recognized in the months of distribution of the books. In mid-December 2004, through discussions with the financial staff in Uruguay and by examination of detailed correspondence and schedules from their offices, the Company's CFO and its Principal Accounting Officer (the "PAO") determined that revenue had not been properly recognized in Uruguay in accordance with the Company's policies. This improper recognition involved only the timing of when certain advertising revenue and related costs and expenses were recognized. During the review, it was determined by the PAO that the revenue had been recognized improperly in this operation since at least 1998, and as a result, the Company restated in its Annual Report on Form 10-K for the fiscal year ended October 31, 2004 (the "2004 Form 10-K") its previously issued financial results for the fiscal years 2000 through 2003 and the first two quarters of fiscal 2004, and also filed an amended Annual Report on Form 10-K for the fiscal year ended November 2, 2003. This improper recognition constituted a material weakness (within the standards established by the American Institute of Certified Public Accountants and the Public Company Accounting Oversight Board) within the Company's system of internal control.

In addition, one week prior to the filing deadline for the 2004 Form 10-K, the Company's management and Ernst & Young LLP, the Company's independent registered public accounting firm, determined that an additional material weakness existed relating to adjusting entries which were made during the course of the audit to correct the underlying books and records. As

CONTROLS AND PROCEDURES--Continued

described in fuller detail under the caption, "Remediation Efforts Related to the Material Weaknesses in Internal Controls," these adjusting entries were the result of certain account analyses and reconciliations not being performed on a timely basis, certain instances of incomplete review of facts and circumstances resulting in errors of judgment and estimation, and failures to follow the Company's existing policies and procedures to ensure that all adjustments were made on a timely basis during the close process. Management and the Company's independent registered public accounting firm then informed the Audit Committee of the Company's Board of Directors of such facts. Due to the limited timeframe prior to the 2004 Form 10-K filing deadline, the Company was unable to complete the implementation and validation of remedial actions with regard to this additional material weakness prior to the filing deadline.

On January 10, 2005, Ernst & Young issued an unqualified opinion on the Company's financial statements for the fiscal year ended October 31, 2004.

Based upon the events described above and the Company's evaluation of the effectiveness of the design and operation of its disclosure controls and procedures, the Company's CEO and its CFO concluded that as of fiscal year end, the Company's disclosure controls and procedures were not effective to ensure that material information relating to the Company and its subsidiaries was made known to them on a timely basis.

Remediation Efforts Related to the Material Weaknesses in Internal Controls

To address the prior period weaknesses in internal controls described above, during the first quarter of fiscal year 2005, management of the Company instituted a review of the Company's internal controls in order to correct the deficiencies related to revenue recognition in Uruguay and the Company's financial close process, and to strengthen the accounting infrastructure as required. On January 18, 2005, after the filing of the Company's 2004 Form 10-K, but prior to the end of the Company's first fiscal quarter of 2005, the Company intensified its remediation efforts with a conference call to senior operating and financial management led by the CEO and the CFO. During the following week, the CFO issued two memoranda reiterating the discussion points from the conference call which are summarized below. The memoranda contained general accounting directives

and each financial manager was also given a listing specific to his/her operation. The memoranda included the Company's proposed remediation solutions, with a directive that significant control areas be remediated prior to the closing of the first quarter and less significant control areas be remediated prior to the close of the second quarter. The memoranda were followed up with face-to-face meetings with all of the Company's domestic business units' senior financial managers (whose units represented over 90% of the Company's consolidated revenues in fiscal 2004) by the CFO and the PAO, as well as telephonic meetings with the remaining senior financial managers. The significant items discussed and documented were as follows:

1. Proper revenue recognition procedures in Uruguay;
2. Stringent review and justification for accruals (including FAS 5 analyses), with emphasis on income, payroll and other taxes, and computer and communication costs;
3. Comprehensive review of inventory costs and methodology to identify excess and obsolete inventory;
4. Review of leases to ensure proper accounting consistency with FAS 13 and Technical Bulletin 85-3 ("TB 85-3");
5. Complete periodic analysis of accounts receivable to identify and adjust for billing errors and customer credit balances;
6. Expanded analyses to determine whether there are any unrecorded liabilities for the quarterly periods; and
7. Reinforcement of the financial statement close processes.

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CONTROLS AND PROCEDURES--Continued

Prior to the end of the Company's first fiscal quarter for 2005, the PAO reaffirmed the Company's accounting policy concerning the reporting of revenue in the telephone directory operation. The policy requires that directory revenue be recognized in an accounting period upon the shipment of directories to customers, designated drop off locations or designated shippers. Subsequent to the reaffirmation of the policy, correspondence and schedules substantiating the recognition of the telephone directory publishing revenue and related costs have been issued by the telephone directory operations and reviewed by the office of the PAO on a quarterly basis, and, after being approved, are included in the financial statements of the Company.

Prior to the end of the first fiscal quarter of 2005, a substantial part of the Company's remediation efforts over the financial statement close process had been completed. As of the filing date of the First Quarter 10-Q, the remediation status of the above-listed items was as follows:

1. Accrual analyses were expanded to include additional information, and the related accounts were trued up to the actual amounts as soon as the information became available;
2. The Company reaffirmed its supervisory sign-and-date procedures ensuring that all analyses were reviewed by authorized personnel on a timely basis;
3. The Company documented its procedures related to the recognition of excess and obsolete inventory and implemented those procedures effective with the first fiscal quarter close;
4. As part of the financial close process for fiscal year end 2004, the Company reviewed its significant leases, and a sampling of other leases, and adjusted the lease expense to conform with FAS 13 and TB 85-3. The Company issued new procedures to ensure continued compliance with the straight-line method of accounting for leases;
5. Accounts receivable analyses in the first quarter were expanded

to highlight problem accounts identified in the agings and customer credit balances were reclassified into accounts payable;

- 6 Unrecorded liability analyses for the first quarter were expanded to include the accrual of inventory and fixed assets; and
7. The Company reinforced its financial close process by holding meetings with, and distributing memoranda to, its financial managers in January 2005, emphasizing enhanced analyses and more diligent reviews, and this was augmented by the increased financial staff, discussed further below.

In addition to the foregoing, the Company has already implemented or is in the process of implementing the following key remediation initiatives:

- o The Company expanded its corporate and regional financial staff in the first and second fiscal quarters of 2005 to improve account analyses, reviews and the testing of controls, and additional staff will be added as required;
- o The Company improved its monitoring controls starting in the first fiscal quarter of 2005, with additional improvements in the second fiscal quarter of 2005;
- o Prior to the close of the first fiscal quarter of 2005, the Company, through an oral and written communications program, improved the awareness of the importance of the financial close process throughout the Company;
- o Prior to the completion of the first fiscal quarter financial statements for 2005, the Company completed the upgrade of its enterprise resource planning system which enabled a more thorough and timely analysis of its accounts, and an upgrade to its human resources module is scheduled to be completed by the end of the calendar year; and
- o The Company has purchased hardware which will allow the Company to provide improved backup and recovery functions for system servers that are not on the Company network by the end of the Company's third fiscal quarter of 2005;

CONTROLS AND PROCEDURES--Continued

Based upon the remediation of the deficiencies noted above, or the implementation of compensating controls until such time as complete remediation has been effected, prior to the filing of the First Quarter 10-Q, the CEO and the CFO reached the conclusion that the previously identified weakness in the Company's financial close process no longer existed, and its disclosure controls and procedures were effective as of January 30, 2005, ensuring that material information relating to the Company and its subsidiaries was made known to them on a timely basis.

Changes in Internal Controls

Except as set forth above, there were no changes in the Company's internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Internal Controls Over Financial Reporting.

Beginning with the Company's Annual Report on Form 10-K for the fiscal year ending October 30, 2005, the Company will be subject to the provisions of Section 404 of the Sarbanes-Oxley Act that require an annual management assessment of its internal controls over financial reporting and related attestation by the Company's independent registered public accounting firm.

PART II - OTHER INFORMATION

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Company's 2005 Annual Meeting of shareholders held on April 8, 2005, shareholders:

- (a) elected the following to serve as Class II directors of the Company until the 2007 Annual Meeting of the shareholders by the following votes:

	For	Vote Withheld
	---	-----
William Shaw	13,183,677	1,074,068
William H. Turner	14,080,649	177,096
Theresa A. Havell	14,094,562	163,183

- (b) ratified the action of the Board of Directors in appointing Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending October 30, 2005 by the following vote:

For	Against	Abstain
---	-----	-----
14,217,429	37,228	3,088

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ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

- (a) Exhibits:

Exhibit Description

-
- 15.01 Letter from Ernst & Young LLP regarding Report of Independent Registered Public Accounting Firm
 - 15.02 Letter from Ernst & Young LLP regarding Acknowledgement of Independent Registered Public Accounting Firm
 - 31.01 Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
 - 31.02 Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
 - 32.01 Certification of Principal Executive Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002
 - 32.02 Certification of Principal Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002

SIGNATURE

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.

VOLT INFORMATION SCIENCES, INC.
(Registrant)

BY: /s/ JACK EGAN

Date: June 9, 2005

JACK EGAN
Vice President - Corporate Accounting
(Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
-------------------	-------------

- | | |
|-------|--|
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EXHIBIT 15.01

ERNST & YOUNG LLP 5 Times Square Phone 212-773-3000
New York, New York 10036

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Volt Information Sciences, Inc.

We have reviewed the condensed consolidated balance sheet of Volt Information Sciences, Inc. and subsidiaries as of May 1, 2005, and the related condensed consolidated statements of operations for the six and three month periods ended May 1, 2005 and May 2, 2004 and the related condensed consolidated statements of cash flows for the six-month periods ended May 1, 2005 and May 2, 2004. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

As described in Note A to the condensed consolidated financial statements, the accompanying condensed consolidated financial statements of Volt Information Sciences, Inc. for the three and six-month period ended May 2, 2004 have been restated.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Volt Information Sciences, Inc. as of October 31, 2004, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended, not presented herein; and in our report dated January 10, 2005, we expressed an unqualified opinion on those consolidated financial statements and included an explanatory paragraph for the restatement of prior period financial results as described in Note A to the consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of October 31, 2004, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

June 7, 2005

EXHIBIT 15.02

ACKNOWLEDGEMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Volt Information Sciences, Inc.

We are aware of the incorporation by reference in Registration Statement No. 333-13369 on Form S-8 dated October 3, 1996, Registration Statement No. 333-45903 on Form S-8 dated February 9, 1998 and Registration Statement No. 333-106245 on Form S-8 dated June 18, 2003 of Volt Information Sciences, Inc. of our report dated June 7, 2005 relating to the unaudited condensed consolidated interim financial statements of Volt Information Sciences, Inc. that are included in its Form 10-Q for the six months ended May 1, 2005.

June 9, 2005

EXHIBIT 31.01

CERTIFICATION BY PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William Shaw, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Volt Information Sciences, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15e) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

June 9, 2005

/s/ William Shaw

William Shaw
Chairman of the Board,
President and Principal
Executive Officer

EXHIBIT 31.02

CERTIFICATION BY PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Groberg, certify that:

1. I have reviewed this report on Form 10-Q of Volt Information Sciences, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15e) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

June 9, 2005

/s/ James J. Groberg

James J. Groberg
Senior Vice President and
Principal Financial Officer

EXHIBIT 32.01

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Volt Information Sciences, Inc. (the "Company") on Form 10-Q for the period ended May 1, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William Shaw, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 9, 2005

/s/ William Shaw

William Shaw
Principal Executive Officer

A signed original of this written statement required by Section 906 has been provided to Volt Information Sciences, Inc. and will be retained by Volt Information Sciences, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.02

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Volt Information Sciences, Inc. (the "Company") on Form 10-Q for the period ended May 1, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James J. Groberg, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 9, 2005

/s/ James J. Groberg

James J. Groberg
Principal Financial Officer

A signed original of this written statement required by Section 906 has been provided to Volt Information Sciences, Inc. and will be retained by Volt Information Sciences, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.