UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant To Section 13 Or 15(D) of The Securities Exchange Act of 1934

Date of report (date of earliest event reported): November 24, 2004

WPCS INTERNATIONAL INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	0-26277	98-0204758
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

140 South Village Avenue, Suite 20, Exton, Pennsylvania 19341
(Address of principal executive offices)

Registrant's telephone number, including area code: (610) 903-0400

Copy of correspondence to:

Marc J. Ross, Esq.
Sichenzia Ross Friedman Ference LLP
1065 Avenue of the Americas
New York, New York 10018
Tel: (212) 930-9700 Fax: (212) 930-9725

ITEM 1.01 Entry Into a Material Definitive Agreement; and
ITEM 2.01 Completion of Acquisition or Disposition of Assets

On November 24, 2004, WPCS International Incorporated (the "Company"), acquired Quality Communications & Alarm Company, Inc., a New Jersey corporation ("Quality"), for $6,700,000 in cash, subject to adjustment. Quality was acquired pursuant to a Stock Purchase Agreement among WPCS International Incorporated, Richard Schubiger, Matthew Haber and Brian Fortier, dated as of November 24, 2004 (the "Agreement"). In connection with the acquisition, Quality entered into employment agreements with Messrs. Schubiger, Haber and Fortier, each for a period of two years.

Quality is a provider of wireless infrastructure services and has established a strong presence in the public safety sector and gaming industry with well-known clients such as Nextel, New Jersey Transit, Motorola, The Seminole Tribe of Florida, Mohegan Sun Casino, Bally's Park Place Hotel & Casino, Resorts International, Taj Mahal Casino and The Hard Rock Cafe.

ITEM 9.01 Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

1. Audited Financial Statements of Quality for the years ended December 31, 2003 and 2002- Filed herewith.

2. Unaudited Financial Statements of Quality for the nine month period ended September 30, 2004 and 2003- filed herewith.

(b) Pro forma financial information.

Pro forma financial information- filed herewith.

(c) Exhibits.

10.01 Stock Purchase Agreement among WPCS International Incorporated, Richard Schubiger, Matthew Haber and Brain Fortier, dated as of November 24, 2004 (previously filed).

SIGNATURES

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

WPCS INTERNATIONAL INCORPORATED

Date: December 30, 2004 /s/ ANDREW HIDALGO
Andrew Hidalgo,
Chairman, Chief Executive Officer
and Director

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

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<CAPTION>

</TABLE>

LEONARD FRIEDMAN
CERTIFIED PUBLIC ACCOUNTANT
385 Old Westbury Road
East Meadow, New York 11554
Tel: (516) 735-0824 Fax: (516) 735-6301
E-mail: lenmar@optonline.net

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders of
Quality Communications & Alarm Company, Inc.

I have audited the accompanying balance sheets of Quality Communications & Alarm Company, Inc., as of December 31, 2003 and 2002, and the related statements of operations, shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Quality Communications & Alarm Company, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Leonard Friedman CPA
East Meadow, New York
December 22, 2004

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

BALANCE SHEETS

DECEMBER 31,

<TABLE>
<CAPTION>

ASSETS	2003	2002
CURRENT ASSETS		
Cash and cash equivalents	$ 38,642	$ 67,420
Accounts receivable	1,856,030	1,254,591
Inventories	131,629	43,286
Prepaid expenses and other current assets	24,593	35,591
Total current assets	2,050,894	1,400,888
PROPERTY AND EQUIPMENT, NET	509,960	491,340
OTHER ASSETS, security deposits	5,200	2,700
Total Assets	$ 2,566,054	$ 1,894,928

</TABLE>

The accompanying notes are an integral part of these statements.

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

BALANCE SHEETS

DECEMBER 31,

<TABLE>
<CAPTION>

LIABILITIES AND SHAREHOLDERS' EQUITY	2003	2002
CURRENT LIABILITIES		
Bank line of credit	$ 250,000	$ 200,000
Accounts payable and accrued expenses	490,610	434,784
Accrued pension payable	87,610	138,205
Deferred revenue	248,662	105,976
Current maturities of equipment loans payable	116,242	153,790
Current maturities of promissory note payable	-	

		14,479
Deferred income taxes	19,968	10,731
	--------------	------------
Total current liabilities	1,213,092	1,057,965
	--------------	------------
EQUIPMENT LOANS PAYABLE, less current maturities	112,400	219,890
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common stock - no par value; 2,500 shares authorized; 1,500 shares issued and outstanding	500	500
Treasury stock, 1,000 shares at cost	(105,000)	(105,000)
Retained earnings	1,345,062	721,573
	--------------	------------
Total Shareholders' Equity	1,240,562	617,073
	--------------	------------
Total Liabilities and Shareholders' Equity	$ 2,566,054	$ 1,894,928
	==============	============

</TABLE>

The accompanying notes are an integral part of these statements.

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

STATEMENTS OF OPERATIONS

YEAR ENDED DECEMBER 31,

<TABLE>
<CAPTION>

<S>	2003 <C>	2002 <C>
Revenue	$ 8,339,060	$ 5,863,152
Cost of revenue	4,649,710	3,420,015
	--------------	--------
Gross profit	3,689,350	2,443,137
	--------------	--------
Operating expenses		
Selling, general and administrative	2,869,537	2,350,229
Depreciation and amortization	160,597	142,602
	--------------	--------
	3,030,134	2,492,831
	--------------	--------

	2003	2002
Operating profit (loss)	659,216	(49,694)
Other income/(expense)		
Interest income	1,841	4,190
Interest expense	(26,795)	(27,720)
Loss on disposition of fixed assets	-	(17,350)
	(24,954)	(40,880)
Earnings (loss) before income taxes	634,262	(90,574)
Income tax provision	10,773	985
NET INCOME (LOSS)	$ 623,489	$ (91,559)

</TABLE>

The accompanying notes are an integral part of these statements.

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

STATEMENTS OF SHAREHOLDERS' EQUITY

YEAR ENDED DECEMBER 31, 2003 AND 2002

<TABLE>
<CAPTION>

<S> <C>	CAPITAL STOCK <C>	TREASURY STOCK <C>	RETAINED EARNINGS <C>	TOTAL <C>
Balance January 1, 2002	$ 500	$ (105,000)	$ 813,132	$ 708,632
Net (loss) for the year	-	-	(91,559)	(91,559)
Balance December 31, 2002	500	(105,000)	721,573	617,073
Net Income for the year	-	-	623,489	623,489
Balance December 31, 2003	$ 500	$ (105,000)	$ 1,345,062	$ 1,240,562

</TABLE>

The accompanying notes are an integral part of these statements.

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31,

<TABLE>
<CAPTION>

	2003	2002
Cash flows from operating activities		
<S>	<C>	<C>
Net income (loss)	$ 623,489	$ (91,559)

Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	160,597	142,602
Loss on disposition of assets	-	17,350
Deferred taxes payable	9,237	(745)
Changes in operating assets and liabilities:		
Accounts receivable	(601,439)	(101,863)
Inventories	(88,343)	2,664
Prepaid expenses	3,498	(14,690)
Other assets	(2,500)	-
Accounts payable and accrued expenses	55,826	126,012
Deferred revenue	142,686	16,312
Accrued pension payable	(50,595)	5,482
Net cash provided by operating activities	252,456	101,565
Cash flows from investing activities		
Proceeds from disposition of fixed assets	-	32,500
Acquisition of customer list	-	(15,000)
Acquisition of property and equipment	(151,417)	(76,014)
Net cash used in investing activities	(151,417)	(58,514)
Cash flows from financing activities		
Borrowings on line of credit	50,000	150,000
Repayment of equipment loans payable	(165,338)	(150,655)
Repayment of promissory note payable	(14,479)	(13,117)
Net cash used in financing activities	(129,817)	(13,772)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,778)	29,279
Cash and cash equivalents, beginning of year	67,420	38,141
Cash and cash equivalents, end of year	$ 38,642	$ 67,420

</TABLE>

The accompanying notes are an integral part of these statements.

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31,

<TABLE>
<CAPTION>

	2003	2002
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
<S>	<C>	<C>
Interest	$ 15,384	$ 25,094
Income taxes	$ 985	$ 2,640
SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Equipment purchased through bank loans	$ 20,300	$ 91,887

</TABLE>

The accompanying notes are an integral part of these statements.

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Quality Communications & Alarm Company, Inc. (the "Company") is engaged in the business of providing wireless communication infrastructure services, sales of equipment and maintenance including consulting, initial design and installation, engineering, integration and acceptance testing throughout the United States serving the needs for the public safety, commercial and the gaming industry. The Company was incorporated in 1994 in the State of New Jersey and is headquartered in Lakewood, New Jersey.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Cash and Cash Equivalents

   Cash and cash equivalents include all cash and highly liquid investments with an original maturity of three months or less.

2. Concentration of Credit Risk

   Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company reduces credit risk by placing its temporary cash and investments with major financial institutions with high credit ratings. At times, such amounts may exceed federally insured limits. The Company reduces credit risk related to accounts receivable by routinely assessing the financial strength of its customers and maintaining an appropriate allowance for doubtful accounts based on its history of write-offs, current economic conditions and an evaluation of the credit risk related to specific customers.

3. Property and Equipment

   Property and equipment are stated at cost. Depreciation and amortization are provided for, using straight-line and accelerated methods, in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Leased property under capital leases is amortized over the shorter of the service lives of the assets or the term of the lease. Repairs and maintenance are charged to operations as incurred.

4. Revenue recognition

   Revenue is recognized based upon contract terms and completion of the sales process. Revenue is generated from delivery of equipment, installation of wireless devices and annual maintenance fees billed to enterprises and consumers. Revenues are recognized when equipment is delivered or the installation is completed. For annual maintenance contracts, revenue is recognized over the service period and any revenue that relates to more than one service period is recognized ratably over those service periods.

NOTE 1 (continued)

5. Cost of Revenue

   Cost of revenue includes all direct labor costs, materials, subcontractors, equipment costs and other costs related to contract performance such as supplies, tools and repairs. General and administrative costs are charged to expense as incurred.

6. Inventory

   Inventory consists of parts and supplies and is stated using the average cost method.

7. Income Taxes

   The Company has elected to be treated as an "S" Corporation under the applicable sections of the Internal Revenue Code. In general, corporate income or loss of an "S" Corporation is allocated to the Stockholders for inclusion in their personal Federal Income tax returns. Accordingly, there is no provision for Federal income tax in the accompanying financial statements.

The Company has also elected to be treated as an "S" Corporation for New Jersey state income tax purposes. However, the State of New Jersey does impose a tax on "S" Corporation income at a reduced rate and, accordingly, a provision for such tax is included in the accompanying financial statements.

8. Uses of Estimates and Fair Value of Financial Instruments

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management of the Company believes that the fair value of financial instruments, consisting of cash, accounts receivable and debt, approximates carrying value due to the immediate or short-term maturity associated with its cash and accounts receivable and the interest rates associated with its debt.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

<TABLE>
<CAPTION>

<S>	Estimated useful life (years) <C>	2003 <C>	2002 <C>
Furniture and equipment	5 - 7	$ 421,656	$ 324,303
Automobiles	5 - 7	621,182	593,218
Leasehold improvements	3 - 10	39,782	39,782
		1,082,620	957,303
Less accumulated depreciation and amortization		572,660	465,963
		$ 509,960	$ 491,340

</TABLE>

Depreciation and amortization expense for property and equipment for the years ended December 31, 2003 and 2002 was approximately $153,097 and $136,977, respectively.

NOTE 3 - LINE OF CREDIT

On May 17, 2004, the Company renewed its line of credit agreement with a major bank that provided for a borrowing facility not to exceed $1,000,000. The borrowing limit is up to 70% of eligible accounts receivable other than Nextel, plus 25% of Nextel receivables. At December 31, 2003 and at December 31, 2002, the borrowing base was $750,000 and the outstanding balance was $250,000 and $200,000 respectively. The line of credit is collateralized by all of Company's accounts receivable, inventory and equipment and bears interest at the Bank's Prime Rate plus 0.25% (4.25% and 4.50% as of December 31, 2003 and 2002 respectively). In addition, the Company and all shareholders of the Company have personally guaranteed this line of credit facility. This line is subject to annual renewal by the bank. Accrued interest is payable monthly.

In addition, the Company renewed its revolving term loan agreement with the same bank to finance equipment purchases that provided for a borrowing facility not to exceed $200,000. The Note calls for monthly payments of interest only for the first year at the Bank's Prime Rate plus 0.25%, with any balance remaining as of the anniversary date converting into a term loan of sixty (60) equal monthly payments of principal and interest combined at the Bank's Prime Rate plus 2.25%. The line is collateralized by all current and future assets of the Company and personally guaranteed by all shareholders of the Company. At December 31, 2003 and at December 31, 2002, the outstanding balance was $50,075 and $63,397 respectively (Note

4).

NOTE 4 - EQUIPMENT LOANS PAYABLE

Equipment loans payable at December 31, 2003 and 2002 consist of the following:

<TABLE>
<CAPTION>

	2003	2002
Equipment loans payable to banks and other financing agencies with principal and interest due monthly through October 2007, interest rates, fixed and variable, ranging		
<S> <C> <C>	<C>	<C>
from 0% to 8.7%, collateralized by vehicles	$ 228,642	$ 388,159
Less: current maturities	116,242	168,269
Long-term debt	$ 112,400	$ 219,890

Aggregate maturities on equipment loans payable are as follows:

Year ended December 31,	2003	2002
2003	$ 0	$ 168,269
2004	116,242	113,337
2005	64,483	56,989
2006	34,555	32,407
2007	13,362	17,157
	$ 228,642	$ 388,159

Related interest expense for the years ended December 31, 2003 and 2002 was $15,384 and $25,094, respectively.

NOTE 5 - INCOME TAXES

The provision for income taxes for the years ended at December 31, 2003 and 2002 is summarized as follows:

	2003	2002
Current:		
Federal	-	-
State	$ 1,536	$ 1,730
Deferred:		
Federal	-	-
State	$ 9,237	$ (745)
Total	$ 10,773	$ 985

</TABLE>

NOTE 6 - RELATED PARTY TRANSACTIONS

On November 5, 2002, the Company sold a fixed asset to one of its shareholders. The Company received $32,500 from this shareholder and recorded a loss of $17,350 on disposition of this asset.

NOTE 7 - EMPLOYEE PROFIT SHARING PLAN

The Company has an employee profit sharing plan under Section 401(k) of the Internal Revenue Code covering eligible employees. Pursuant to the plan eligible employees may elect to defer a portion of their annual salary by contributing to the plan. The Company makes a matching contribution of up to 3% of the employees' annual wages. Contributions to the profit sharing plan are made at the discretion of the Board of Directors. The Company's contribution for the year ended December 31, 2003 and 2002 amounted to $149,609 and $171,950, respectively, and is included in employee benefits in general and administrative expenses.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company from time to time is subject to certain legal proceedings and claims which have arisen in the ordinary course of its business. These actions when ultimately concluded will not, in the opinion of management, have a material adverse effect upon the financial position, results of operations or liquidity of the Company.

Lease Commitments

The Company leases its main office facilities pursuant to non-cancelable operating leases expiring through August 31, 2007. The minimum rental commitments under these non-cancelable leases, at December 31, 2003, are summarized as follows:

Year ending December 31,	
2004	$ 60,000
2005	60,000
2006	60,000
2007	40,000
Total minimum lease payments	$ 220,000

Rent expense for all operating leases was $60,620 and $43,331 in 2003 and 2002, respectively.

NOTE 9 - SUBSEQUENT EVENT

On November 24, 2004, the shareholders of the Company approved a Stock Purchase Agreement with WPCS International Incorporated ("WPCS"). Pursuant to the terms of the agreement, WPCS acquired 100% of the Company's issued and outstanding common stock in exchange for $6,700,000 in cash, subject to adjustment.

In connection with the acquisition, the outstanding loan balances on the line of credit and the revolving term loan agreement, referred to in Note 3, were repaid and the loans were not renewed with the Bank.

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

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QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

CONDENSED BALANCE SHEETS

ASSETS	(UNAUDITED) September 30, 2004	December 31, 2003
CURRENT ASSETS		
Cash and cash equivalents	$ 48,099	$ 38,642
Accounts receivable, net of allowance of $14,000 at September 30, 2004 and $0 at December 31, 2003	1,864,003	1,856,030
Inventories	403,648	131,629
Prepaid expenses and other current assets	94,882	24,593
Total current assets	2,410,632	2,050,894
PROPERTY AND EQUIPMENT, NET	534,348	509,960
OTHER ASSETS, security deposits	5,200	5,200
Total Assets	$ 2,950,180	$ 2,566,054

The accompanying notes are an integral part of these statements.

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

CONDENSED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY	(UNAUDITED) September 30, 2004	December 31, 2003
CURRENT LIABILITIES		
Bank line of credit	$ 250,000	$ 250,000
Accounts payable and accrued expenses	574,855	490,610
Accrued pension payable	-	87,610
Deferred revenue	155,522	248,662
Current maturities of equipment loans payable	97,331	116,242
Deferred income taxes	25,874	19,968

Total current liabilities	1,103,582	1,213,092
EQUIPMENT LOANS PAYABLE, less current maturities	119,584	112,400
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common stock - no par value; 2,500 shares authorized; 1,500 shares issued and outstanding	500	500
Treasury stock, 1,000 shares at cost	(105,000)	(105,000)
Retained earnings	1,831,514	1,345,062
Total Shareholders' Equity	1,727,014	1,240,562
Total Liabilities and Shareholders' Equity	$ 2,950,180	$ 2,566,054

</TABLE>

The accompanying notes are an integral part of these statements.

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

CONDENSED INCOME STATEMENTS
(UNAUDITED)

<TABLE>
<CAPTION>

	Nine months ended September 30, 2004	2003
<S>	<C>	<C>
Revenue	$ 7,733,309	$ 5,845,961
Cost of revenue	4,809,621	3,386,168
Gross profit	2,923,688	2,459,793
Operating expenses		
Selling, general and administrative	2,264,726	1,844,179
Depreciation and amortization	136,875	119,625
Provision for doubtful debts	14,000	-
	2,415,601	1,963,804

Operating profit	508,087	495,989
Other income/(expense)		
Interest income	952	1,478
Interest expense	(15,290)	(19,986)
	(14,338)	(18,508)
Earnings before income taxes	493,749	477,481
Income tax provision	7,296	8,205
NET INCOME	$ 486,453	$ 469,276

</TABLE>

The accompanying notes are an integral part of these statements.

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

	Nine months ended September 30, 2004	2003
<S>	<C>	<C>
Cash flows from operating activities		
Net income	$ 486,453	$ 476,523
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	136,875	119,625
Provision for doubtful accounts	14,000	-
Deferred taxes payable	5,906	7,247
Changes in operating assets and liabilities:		
Accounts receivable	(21,973)	117,389
Inventories	(272,019)	(57,995)
Prepaid expenses	(72,164)	(20,686)
Other assets	-	(2,500)
Accounts payable and accrued expenses	84,245	85,806
Deferred revenue	(93,140)	2,328
Accrued pension payable	(87,610)	(138,205)
Net cash provided by operating activities	180,573	582,285
Cash flows from investing activities		
Acquisition of property and equipment	(59,950)	(100,878)
Net cash used in investing activities	(59,950)	(100,878)
Cash flows from financing activities		
Repayment of borrowings on line of credit	-	(200,000)
Repayment of promissory note payable	-	(14,479)
Repayment of equipment loans payable	(111,166)	(128,493)
Net cash used in financing activities	(111,166)	(342,972)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,457	138,435
Cash and cash equivalents, beginning of year	38,642	67,420

Cash and cash equivalents, end of year	$ 48,099	$ 205,855

</TABLE>

The accompanying notes are an integral part of these statements.

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

CONDENSED STATEMENTS OF CASH FLOWS (continued)
(UNAUDITED)

<TABLE>
<CAPTION>

	Nine months ended September 30, 2004	Nine months ended September 30, 2003
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
<S>	<C>	<C>
Interest	$ 12,127	$ 15,384
Income taxes	$ 1,538	$ 985
SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Equipment purchased through bank loans	$ 99,439	$ 20,300

</TABLE>

The accompanying notes are an integral part of these statements.

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying unaudited condensed interim financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and do not include all of the information and footnote disclosures required by accounting principles generally accepted in the United States of America. Accordingly, the unaudited condensed financial statements should be read in conjunction with the audited financial statements and notes thereto for the fiscal year ended December 31, 2003. Operating results for the nine month period ended September 30, 2004 are not necessarily indicative of the results that may be expected for the full year.

Company's activities - Quality Communications & Alarm Company, Inc. (the "Company") is engaged in the business of providing wireless communication infrastructure services, sales of equipment and maintenance including consulting, initial design and installation, engineering, integration and acceptance testing throughout the United States serving the needs for the public safety, commercial and the gaming industry. The Company was incorporated in 1994 in the State of New Jersey and is headquartered in Lakewood, New Jersey.

Uses of Estimates - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition - Revenue is recognized based upon contract terms and completion of the sales process. Revenue is generated from delivery of equipment, installation of wireless devices and annual maintenance fees billed to enterprises and consumers. Revenues are recognized when equipment is delivered or the installation is completed. For annual maintenance contracts, revenue is recognized over the service period and any revenue that relates to more than one service period is recognized ratably over those service periods.

Cost of Revenue - Cost of revenue includes all direct labor costs, materials, subcontractors, equipment costs and other costs related to contract performance such as supplies, tools and repairs. General and administrative costs are charged to expense as incurred.

Inventory - Inventory consists of parts and supplies and is stated using the average cost method.

Income Taxes - The Company has elected to be treated as an "S" Corporation under the applicable sections of the Internal Revenue Code. In general, corporate income or loss of an "S" Corporation is allocated to the Stockholders for inclusion in their personal Federal Income tax returns. Accordingly, there is no provision for Federal income tax in the accompanying financial statements.

The Company has also elected to be treated as an "S" Corporation for New Jersey state income tax purposes. However, the State of New Jersey does impose a tax on "S" Corporation income at a reduced rate and, accordingly, a provision for such tax is included in the accompanying financial statements.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30, 2004 and December 31, 2003:

<TABLE>
<CAPTION>

	Estimated useful life (years)	September 30, 2004	December 31, 2003
<S>	<C> <C>	<C>	<C>
Furniture and equipment	5 - 7	$ 454,615	$ 421,656
Automobiles	5 - 7	642,607	621,182
Leasehold improvements	3 - 10	39,782	39,782
		1,137,004	1,082,620
Less accumulated depreciation and amortization		602,656	572,660
		$ 534,348	$ 509,960

</TABLE>

Depreciation and amortization expense for property and equipment for the nine months ended September 30, 2004 and 2003 was approximately $135,000 and $114,000, respectively.

NOTE 3 - LINE OF CREDIT

On May 17, 2004, the Company renewed its line of credit agreement with a major bank that provided for a borrowing facility not to exceed $1,000,000. The borrowing limit is up to 70% of eligible accounts receivable other than Nextel, plus 25% of Nextel receivables. At September 30, 2004 and at December 31, 2003, the borrowing base was $1,000,000 and $750,000, respectively and the outstanding balance was $250,000. The line of credit is collateralized by all of Company's accounts receivable, inventory and equipment and bears interest at the Bank's Prime Rate plus 0.25% (4.75% and 4.25% as of September 30, 2004 and December 31, 2003 respectively). In addition, the Company and all shareholders of the Company have personally guaranteed this line of credit facility. This line is subject to annual renewal by the bank. Accrued interest is payable monthly.

In addition, the Company renewed its revolving term loan agreement with the same bank to finance equipment purchases that provided for a borrowing facility not to exceed $200,000. The Note calls for monthly payments of interest only for the first year at the Bank's Prime Rate plus 0.25%, with any balance remaining as of the anniversary date converting into a term loan of sixty (60) equal monthly payments of principal and interest combined at the Bank's Prime Rate plus 2.25%. The line is collateralized by all current and future assets of the Company and personally guaranteed by all shareholders of the Company. At September 30, 2004 and at December 31, 2003, the outstanding balance was $39,275 and $50,075 respectively (Note 4).

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS (continued)

NOTE 4 - EQUIPMENT LOANS PAYABLE

Equipment loans payable at September 30, 2004 and December 31, 2003 consist of the following:

<TABLE>
<CAPTION>

<S>	September 30, 2004 <C>	December 31, 2003 <C>
Equipment loans payable to banks and other financing agencies with principal and interest due monthly through October 2007, interest rates, fixed and variable, ranging from 0% to 8.7%, collateralized by vehicles	$ 216,915	$ 228,642
Less: current maturities	97,331	116,242
Long-term debt	$ 119,584	$ 112,400

Aggregate maturities on equipment loans payable are as follows:

Period ended	September 30, 2004	December 31, 2003
2004	$ 0	$ 116,242
2005	65,278	64,483
2006	42,858	34,555
2007	11,448	13,362
	$ 119,584	$ 226,642

</TABLE>

Related interest expense for the nine months ended September 30, 2004 and 2003 was $12,127 and $12,584, respectively.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company from time to time is subject to certain legal proceedings and claims, which have arisen in the ordinary course of its business. These actions when ultimately concluded will not, in the opinion of management, have a material adverse effect upon the financial position, results of operations or liquidity of the Company.

QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS (continued)

NOTE 6 - SUBSEQUENT EVENT

On November 24, 2004, the shareholders of the Company approved a Stock Purchase Agreement with WPCS International Incorporated ("WPCS"). Pursuant to the terms of the agreement, WPCS acquired 100% of the Company's issued and outstanding common stock in exchange for $6,700,000 in cash, subject to adjustment.

In connection with the acquisition, the outstanding loan balances on the line of credit and the revolving term loan agreement, referred to in Note 3, were repaid and the loans were not renewed with the Bank.

INDEX TO UNAUDITED CONDENSED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

<TABLE>
<CAPTION>
<S> <C>

</TABLE>

WPCS INTERNATIONAL INCORPORATED

INTRODUCTION TO PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

We are providing the following unaudited pro forma condensed consolidated financial information of WPCS International Incorporated ("WPCS" or the "Company") and its acquisition of Quality Communications & Alarm Company, Inc. ("Quality") to present the results of operations and financial position of WPCS had the merger been completed at an earlier date.

ACQUISITION OF QUALITY COMMUNICATIONS & ALARM COMPANY, INC.

On November 24, 2004, (the "Closing Date") WPCS acquired Quality for $6,700,000 in cash, subject to adjustment. Quality was acquired pursuant to a Stock Purchase Agreement (the "Agreement") among WPCS, Richard Schubiger, Matthew Haber and Brian Fortier. In connection with the acquisition, Quality entered into employment agreements with Messrs. Schubiger, Haber and Fortier, each for a period of two years.

Quality is a New Jersey based provider of wireless infrastructure services and has established a strong presence in the public safety sector and gaming industry with well-known clients such as Nextel, New Jersey Transit, Motorola, The Seminole Tribe of Florida, Mohegan Sun Casino, Bally's Park Place Hotel & Casino, Resorts International, Taj Mahal Casino and The Hard Rock Cafe.

The unaudited pro forma condensed consolidated balance sheet of the Company gives effect to the merger as if it had occurred on October 31, 2004 and the unaudited pro forma condensed consolidated statement of operations of the Company gives effect to the acquisition as if it had occurred on May 1, 2003 for the twelve months ended April 30, 2004, and on May 1, 2004, for the six months ended October 31, 2004, respectively.

The acquisition of Quality is accounted for under the purchase method of accounting in accordance with the Statement of Financial Accounting Standards No. 141, Business Combinations ("SFAS 141"). Under the purchase method of accounting, assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill is created to the extent that the merger consideration, including certain acquisition and closing costs, exceeds the fair value of the net identifiable assets acquired at the date of the merger. Based on the preliminary information currently available, we expect to recognize goodwill of approximately $4,987,000. Upon completion of a formal purchase price allocation there may be a decrease in the amount assigned to goodwill and a corresponding increase in tangible or other intangible assets.

This unaudited pro forma condensed consolidated financial information is based on the estimates and assumptions set forth herein and in the notes thereto. The unaudited pro forma results for the twelve months ended April 30, 2004 have been prepared utilizing (a) the audited financial statements of WPCS included in Form 10-KSB for the fiscal year ended April 30, 2004; (b) the unaudited financial statements of Quality for the twelve months ended March 31, 2004; (c) the unaudited financial statements of Clayborn Contracting Group, Inc. for the four months ended August 31, 2003; and (d) the unaudited financial statements of Heinz Corporation for the eleven months ended March 31, 2004.

The unaudited pro forma results for the six months ended October 31, 2004 have been prepared utilizing (a) the unaudited interim financial statements of WPCS included in Form 10-QSB for the six months ended October 31, 2004 and (b) the unaudited financial statements of Quality for the six months ended September 30, 2004.

The following unaudited pro forma financial information is presented for informational purposes only and is not necessarily indicative of (i) the results of operations of the Company that actually would have occurred had the Agreement been consummated on the dates indicated or (ii) the results of operations of the Company that may occur or be attained in the future. The following information is qualified in its entirety by reference to and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", WPCS's audited consolidated financial statements, including the notes thereto contained in its Annual Report on Form 10-KSB for the year ended April 30, 2004 incorporated herein by reference, Quiality's audited financial statements, including the notes thereto, for the years ended December 31, 2003 and 2002, and other historical financial information appearing elsewhere herein.

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES
Unaudited Pro Forma Consolidated Balance Sheet
for October 31, 2004

<TABLE>
<CAPTION>

	OCTOBER 31, 2004 WPCS	SEPTEMBER 30, 2004 QUALITY		PRO FORMA ADJUSTMENTS	PRO FORMA CONSOLIDATED AFTER ACQUISITION
<S>	<C>	<C>		<C>	<C>
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$632,503	$48,099	(a)	$9,250,000	$3,230,602
			(b)	($6,700,000)	
Accounts receivable, net of allowance	6,805,486	1,864,003		-	8,669,489
Costs and estimated earnings in excess of billings on uncompleted contracts	2,352,760	-		-	2,352,760
Inventory	104,799	403,648		-	508,447
Prepaid expenses	252,878	94,882		-	347,760
Deferred income taxes	50,000	-		-	50,000
Total current assets	10,198,426	2,410,632		2,550,000	15,159,058
PROPERTY AND EQUIPMENT, net	942,407	534,348		-	1,476,755
CUSTOMER LISTS	524,833	-		-	524,833
GOODWILL	8,637,329	-	(c)	4,987,112	13,624,441
OTHER ASSETS	169,693	5,200		-	174,893
Total assets	$20,472,688	$2,950,180		$7,537,112	$30,959,980

</TABLE>

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES
Unaudited Pro Forma Consolidated Balance Sheet

for October 31, 2004

<TABLE>
<CAPTION>

	OCTOBER 31, 2004 WPCS	SEPTEMBER 30, 2004 QUALITY		PRO FORMA ADJUSTMENTS	PRO FORMA AFTER CONSOLIDATED ACQUISITION
<S>	<C>	<C>		<C>	<C>
LIABILITIES AND SHARHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Borrowings under lines of credit	$378,231	$250,000		-	$628,231
Current maturities of capital lease obligation	2,664	-		-	2,664
Current maturities of loans payable	96,645	97,331		-	193,976
Accounts payable and accrued expenses	5,373,911	574,855	(c)	40,000	5,988,766
Billings in excess of costs and estimated earnings on uncompleted contracts	1,387,656	155,522			1,543,178
Due to shareholders	73,245	-		-	73,245
Income taxes payable	167,342	-		-	167,342
Deferred income taxes	193,100	25,874	(c)	(25,874)	193,100
Total current liabilities	7,672,794	1,103,582		14,126	8,790,502
Capital lease obligation, net of current portion	708	-		-	708
Loans payable, net of current portion	175,300	119,584		-	294,884
Due to shareholders, net of current portion	1,026,755	-		-	1,026,755
Deferred income taxes	202,900	-		-	202,900
Total liabilities	9,078,457	1,223,166		14,126	10,315,749
COMMITMENTS AND CONTINGENCIES					
SHAREHOLDERS' EQUITY:					
Preferred Stock - $0.0001 par value, 5,000,000 shares authorized	-	-		-	-
Common Stock - $0.0001 par value, 75,000,000 shares authorized	2,085	500	(a)	2,500	4,585
	-		(d)	(500)	-
Additional paid-in capital	11,964,588	(105,000)	(a)	9,247,500	21,212,088
	-		(d)	105,000	-
Unearned consulting services	(12,853)	-		-	(12,853)

Retained earnings (accumulated deficit)	(559,589)	1,831,514	(d)	(1,831,514)	(559,589)
Total shareholders' equity	11,394,231	1,727,014		7,522,986	20,644,231
Total liabilities and shareholders' equity	$20,472,688	$2,950,180		$7,537,112	$30,959,980

</TABLE>

WPCS INTERNATIONAL INCORPORATED and SUBSIDIARIES

NOTES TO PRO FORMA UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AT OCTOBER 31, 2004

NOTE 1. On November 24, 2004, WPCS acquired Quality. For accounting purposes in the unaudited condensed consolidated balance sheet at October 31, 2004, this transaction has been treated as an acquisition with the net assets of each acquired company being stated at fair value in accordance with the purchase method of accounting.

NOTE 2. The unaudited pro forma consolidated balance sheet at October 31, 2004 presented herein has been prepared as if the acquisition of Quality by WPCS had been consummated on May 1, 2004. Pro forma balance sheet adjustments have been made for the following:

(a) To record the net proceeds received of $9,250,000 from the issuance of WPCS common stock, which was used primarily to finance the acquisition of Quality. On November 16, 2004, the Company sold an aggregate of $10,000,000 of the Company's common stock ("Common Stock") and common stock purchase warrants ("Warrants") to eight investors. The Company sold an aggregate of 25,000,000 shares of Common Stock and 25,000,000 Warrants to the investors. The Common Stock and the Warrants were issued in a private placement transaction pursuant to Section 4(2) under the Securities Act of 1933. Pursuant to the terms of sale, the Company agreed to cause a resale registration statement covering the Common Stock and the Common Stock issuable upon exercise of the Warrants to be filed no later than 45 days after the closing.

The Company paid the placement agent of the offering a cash fee of 6.5% of the proceeds of the offering, and a finders fee of $100,000 to another third party in connection with the offering.

(b) To record the cash consideration of $6,700,000 paid to the shareholders of Quality at the closing of the acquisition.

(c) To reflect the excess of acquisition cost over the estimated fair value of the net assets acquired (goodwill). The preliminary allocation of the purchase price is based on the unaudited balance sheet of Quality as of September 30, 2004. Upon completion of a formal purchase price allocation, the amounts assigned to tangible assets, other intangible assets and goodwill may change. Based on the preliminary financial information currently available, the purchase price and purchase price allocation are summarized as follows:

<TABLE>
<CAPTION>

<S>	<C>
Purchase price paid as:	
Cash consideration	$6,700,000
Transaction costs	40,000
Total purchase price consideration	6,740,000
Allocated to:	
Historical net book value of Quality at September 30, 2004	(1,727,014)
Elimination of Quality deferred tax liability	(25,874)
Cost in excess of net assets acquired	$4,987,112

</TABLE>

(d) To reflect the elimination of the shareholders' equity accounts of Quality of ($1,727,014).

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES
Unaudited Pro Forma Consolidated Statement of Operations
for the Year Ended April 30, 2004

<TABLE>
<CAPTION>

<S>	FOR THE YEAR ENDED APRIL 30, 2004 WPCS <C>	FOR THE FOUR MONTHS ENDED AUGUST 31, 2003 CLAYBORN <C>	FOR THE ELEVEN MONTHS ENDED MARCH 31, 2004 HEINZ <C>
Revenue	$22,076,246	$1,532,979	$3,627,278
Costs and expenses:			
Cost of revenue	16,076,155	1,092,206	3,183,658
Selling, general and administrative expenses	5,560,583	605,512	571,668
Provision for doubtful accounts	91,137	-	14,997
Depreciation and amortization	382,510	47,610	27,646
Total costs and expenses	22,110,385	1,745,328	3,797,969
Operating income(loss)	(34,139)	(212,349)	(170,691)
Interest expense	14,048	-	-
Income(loss) before provision for income taxes	(48,187)	(212,349)	(170,691)
Income tax provision	(76,000)	84,041	-
Net income(loss)	($124,187)	($128,308)	($170,691)
Basic net loss per common share	($0.01)		
Diluted net income per common share			
Basic weighted average number of common shares outstanding	18,260,359		
Diluted weighted average number of common shares outstanding			

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES
Unaudited Pro Forma Consolidated Statement of Operations
for the Year Ended April 30, 2004 (continued)

	FOR THE TWELVE MONTHS ENDED MARCH 31, 2004 QUALITY		PRO FORMA ADJUSTMENTS	PRO FORMA CONSOLIDATED AFTER ACQUISITIONS
Revenue	$9,313,406		$ -	$36,549,909
Costs and expenses:				
Cost of revenue	5,122,155		-	25,474,174
Selling, general and administrative expenses	3,103,989		-	9,841,752
Provision for doubtful accounts	-		-	106,134
Depreciation and amortization	170,597	(f)	140,333	768,696
Total costs and expenses	8,396,741		140,333	36,190,756
Operating income(loss)				

	916,665	(140,333)	359,153
Interest expense	22,997	-	37,045
Income(loss) before provision for income taxes	893,668	(140,333)	322,108
Income tax provision	(8,416) (e)	(210,000)	(210,375)
Net income(loss)	$885,252	($350,333)	$111,733
Basic net loss per common share			$0.01
Diluted net income per common share			$0.01
Basic weighted average number of common shares outstanding			19,229,804
Diluted weighted average number of common shares outstanding			21,639,726

</TABLE>

WPCS INTERNATIONAL INCORPORATED and SUBSIDIARIES

NOTES TO PRO FORMA UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE TWELVE MONTHS ENDED APRIL 30, 2004

NOTE 1. WPCS completed the following transactions: (a) on August 22, 2003, merged with Clayborn Contracting Group, Inc. ("Clayborn"), (b) on April 2, 2004 merged with Heinz and (c) on November 24, 2004 acquired Quality. The results of operations of Clayborn and Heinz have been included in the historical financial statements of WPCS from August 22, 2003 and April 2, 2004, respectively. For accounting purposes, each of these transactions has been treated as an acquisition with the net assets of each acquired company being stated at fair value in accordance with the purchase method of accounting.

NOTE 2. The unaudited pro forma condensed consolidated statements of operations for the twelve months ended April 30, 2004 presented herein has been prepared as if the acquisition of WPCS and Quality had been consummated as of May 1, 2003. Likewise, the pro forma condensed consolidated statement of operations for the twelve months ended April 30, 2004 include Clayborn for the four months ended August 31, 2004 and Heinz for the eleven months ended March 31, 2004, as if the merger of these companies had been consummated as of May 1, 2003.

Pro forma statement of operations adjustments for the twelve months ended April 30, 2004 have been made for the following:

(e) To record the pro forma income tax provision adjustment for the year ended April 30, 2004 as a result of the acquisition of Quality, applying a 34% federal income tax rate to consolidated income before taxes, and a 6% state income tax rate to Quality's income before taxes. In connection with the acquisition, the Company has the option to make an Internal Revenue Code 338(h)(10) election. For income tax purposes, this provides the Company potential fair value income tax adjustments related to the purchase price, resulting in potential future income tax deductions. In the event this election is made, there will be a corresponding purchase price adjustment to the Quality selling shareholders. This purchase price adjustment has not yet been determined.

(f) To record a full year of amortization for the fair value of customer lists acquired related to the Clayborn acquisition of $16,333, and the fair value of customer lists and backlog acquired related to the Heinz acquisition of $124,000, as if the acquisitions had been consummated as of May 1, 2003. Accordingly, additional amortization of approximately $140,000 is included as a pro forma adjustment.

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES
Unaudited Pro Forma Consolidated Income Statement
for the Six Months Ended October 31, 2004

<TABLE>
<CAPTION>

	FOR THE SIX MONTHS ENDED OCTOBER 31, 2004	FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004	PRO FORMA	PRO FORMA CONSOLIDATED

	WPCS	QUALITY	ADJUSTMENTS	AFTER ACQUISITION
<S>	<C>	<C>		<C>
Revenue	$17,574,419	$5,305,642	-	$22,880,061
Costs and expenses:				
Cost of revenue	13,334,402	3,448,433	-	16,782,835
Selling, general and administrative expenses	3,801,008	1,504,308	-	5,305,316
Provision for doubtful accounts	-	14,000	-	14,000
Depreciation and amortization	246,693	89,000	(h) 27,000	362,693
Total costs and expenses	17,382,103	5,055,741	27,000	22,464,844
Operating income	192,316	249,901	(27,000)	415,217
Interest expense	12,763	8,461	-	21,224
Income before provision for income taxes	179,553	241,440	(27,000)	393,993
Income tax provision	(71,895)	(8,969)	(g) (88,000)	(168,864)
Net income	$107,658	$232,471	($115,000)	$225,129
Basic net income per common share	$0.01			$0.01
Diluted net income per common share	$0.00			$0.01
Basic weighted average number of common shares outstanding	20,849,976			20,849,976
Diluted weighted average number of common shares outstanding	21,649,944			21,649,944

</TABLE>

WPCS INTERNATIONAL INCORPORATED and SUBSIDIARIES

NOTES TO PRO FORMA UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED OCTOBER 31, 2004

NOTE 1. The unaudited pro forma condensed consolidated statements of operations for the six months ended October 31, 2004 presented herein has been prepared as if the acquisition of WPCS and Quality had been consummated as of May 1, 2004.

The pro forma income statement for WPCS was derived from its interim unaudited financial statements on Form 10Q-SB for the six months ended October 31, 2004. The income statement for Quality was derived from its interim unaudited financial statements for the six months ended September 30, 2004.

Pro forma statement of operations adjustments for the six months ended October 31, 2004 have been made for the following:

(g) To record the pro forma income tax provision adjustment for the six months ended October 31, 2004 as a result of the acquisition of Quality, applying a 34% federal income tax rate to consolidated income before taxes, and a 6% state income tax rate to consolidated income before taxes. In connection with the acquisition, the Company has the option to make an Internal Revenue Code 338(h)(10) election. For income tax purposes, this provides the Company potential fair value income tax adjustments related to the purchase price, resulting in potential future income tax deductions. In the event this election is made, there will be a corresponding purchase price adjustment to the Quality selling shareholders. This purchase price adjustment has not yet been determined.

(h) To record the amortization for the fair value of customer lists acquired related to the Heinz acquisition, as if the acquisition had been consummated as of May 1, 2004. Accordingly, additional amortization of $27,000 is included as a pro forma adjustment.