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

FORM 10-QSB

(Mark One)
[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended July 31, 2005

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _________ to _________

Commission file number: 0-26277

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

Delaware	98-0204758
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

One East Uwchlan Avenue
Suite 301
Exton, PA 19390
(Address of principal executive offices)

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

(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 past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

APPLICABLE ONLY TO CORPORATE ISSUERS:

State the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date: 3,821,385 shares issued and outstanding as of August 11, 2005.

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES

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WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

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ASSETS	JULY 31, 2005 (Unaudited)	APRIL 30, 2005
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,308,740	$ 989,252
Accounts receivable, net of allowance of $75,786 at July 31, 2005 and April 30, 2005	9,784,349	9,907,316
Costs and estimated earnings in excess of billings on uncompleted contracts	1,429,122	908,955
Inventory	818,662	885,624
Prepaid expenses and other current assets	835,410	536,331
Deferred income taxes	77,000	112,000
Total current assets	15,253,283	13,339,478
PROPERTY AND EQUIPMENT, net	1,574,813	1,560,271
CUSTOMER LISTS, net	1,083,972	1,158,388
GOODWILL	14,027,312	13,961,642
DEBT ISSUANCE COSTS, net	150,174	-
OTHER ASSETS	167,044	156,932
Total assets	$ 32,256,598	$ 30,176,711

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (continued)

<TABLE>
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LIABILITIES AND SHAREHOLDERS' EQUITY	JULY 31, 2005 (Unaudited)	APRIL 30, 2005
<S>	<C>	<C>
CURRENT LIABILITIES:		
Borrowings under line of credit	$ -	$ 382,281
Current portion of capital lease obligation	1,399	2,073
Current portion of loans payable	192,316	187,420
Accounts payable and accrued expenses	4,752,684	5,338,813
Billings in excess of costs and estimated earnings on uncompleted contracts	1,478,919	1,204,491
Due to shareholders	172,995	915,290
Income taxes payable	287,151	24,790
Deferred income taxes	170,000	139,000
Total current liabilities	7,055,464	8,194,158
Borrowings under line of credit	3,000,000	-
Loans payable, net of current portion	290,758	261,455
Due to shareholders, net of current portion	927,005	927,005
Deferred income taxes	313,000	439,000
Total liabilities	11,586,227	9,821,618
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred Stock - $0.0001 par value, 5,000,000 shares authorized, none issued	-	-
Common Stock - $0.0001 par value, 75,000,000 shares authorized, 3,821,385 shares issued and outstanding at July 31, 2005 and April 30, 2005	382	382
Additional paid-in capital	21,107,240	21,107,240
Accumulated deficit	(437,251)	(752,529)
Total shareholders' equity	20,670,371	20,355,093
Total liabilities and shareholders' equity	$ 32,256,598	$ 30,176,711

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended July 31, 2005	2004 (Note 1)
<S>	<C>	<C>
REVENUE	$12,171,639	$7,279,153
COSTS AND EXPENSES:		
Cost of revenue	9,130,091	5,619,587
Selling, general and administrative expenses	2,263,955	1,392,691
Depreciation and amortization	211,467	122,031
Total costs and expenses	11,605,513	7,134,309
OPERATING INCOME	566,126	144,844
OTHER EXPENSE:		
Interest expense	38,765	1,113
INCOME BEFORE INCOME TAX PROVISION	527,361	143,731
Income tax provision	212,083	67,356
NET INCOME	$ 315,278	$ 76,375
Basic net income per common share	$ 0.08	$ 0.04
Diluted net income per common share	$ 0.08	$ 0.04
Basic weighted average number of common shares outstanding	3,821,385	1,737,498
Diluted weighted average number of common shares outstanding	3,835,335	1,768,783

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</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED JULY 31, 2005
(UNAUDITED)

<TABLE>
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	Preferred Stock		Common Stock		Additional		Total
					Paid-In	Accumulated	Shareholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, APRIL 30, 2005	-	$ -	3,821,385	$ 382	$21,107,240	($752,529)	$20,355,093
Net income	-	-	-	-	-	315,278	315,278
BALANCE, JULY 31, 2005	-	$ -	3,821,385	$ 382	$21,107,240	($437,251)	$20,670,371

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

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	Three Months Ended	
	July 31,	
	2005	2004
<S>	<C>	<C>
OPERATING ACTIVITIES :		
Net income	$ 315,278	$ 76,375
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	211,467	122,031
Amortization of debt issuance costs	8,613	-
Amortization of unearned consulting services	-	12,853

Deferred income taxes	(60,000)	(116,000)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	120,817	202,647
Costs and estimated earnings in excess of billings on uncompleted contracts	(520,167)	(421,419)
Inventory	66,962	(2,222)
Prepaid expenses and other current assets	(299,079)	23,654
Other assets	(10,112)	(39,128)
Accounts payable and accrued expenses	(602,639)	(1,152,938)
Billings in excess of costs and estimated earnings on uncompleted contracts	274,428	(109,725)
Income taxes payable	248,843	163,987
NET CASH USED IN OPERATING ACTIVITIES	(245,589)	(1,239,885)
INVESTING ACTIVITIES:		
Acquisition of property and equipment	(99,705)	(65,012)
Acquisition of Quality, net of cash received	(757,913)	-
Acquisition transaction costs	(4,303)	(19,803)
NET CASH USED IN INVESTING ACTIVITIES	(861,921)	(84,815)
FINANCING ACTIVITIES:		
Equity issuance costs	-	(25,956)
Debt issuance costs	(158,787)	-
Borrowings (repayments) under lines of credit	2,617,719	(156,000)
Repayments of loans payable	(31,260)	(11,177)
Payments of capital lease obligations	(674)	(608)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	2,426,998	(193,741)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,319,488	(1,518,441)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	989,252	1,984,636
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 2,308,740	$ 466,195

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(Unaudited)

<TABLE>
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Three Months

Ended	July 31, 2005	2004
<S>	<C>	<C>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 31,322	$ 2,057
Income taxes	$ 31,265	$ 21,568
SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Reversal of accruals established in purchase accounting	$ 2,150	$ 51,790
Issuance of notes for property and equipment	$ 65,459	$ 25,930

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for quarterly reports on Form 10-QSB and do not include all of the information and note disclosures required by accounting principles generally accepted in the United States of America. Accordingly, the unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the fiscal year ended April 30, 2005 included in the Company's annual report on Form 10-KSB. The accompanying unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of the management, considered necessary for a fair presentation of financial position, results of operations and cash flows for the interim periods. Operating results for the three month period ended July 31, 2005 are not necessarily indicative of the results that may be expected for the fiscal year ending April 30, 2006. Certain reclassifications have been made to prior period financial statements to conform to the current presentation.

The accompanying unaudited condensed consolidated financial statements include the accounts of WPCS International Incorporated ("WPCS") and its wholly-owned subsidiaries, WPCS Incorporated , Invisinet, Inc. ("Invisinet"), Walker Comm, Inc. ("Walker"), Clayborn Contracting Group, Inc. ("Clayborn"), Heinz Corporation ("Heinz"), and Quality Communications & Alarm Company ("Quality") from November 24, 2004 (date of acquisition), collectively the "Company".

The Company is an engineering company that focuses on the implementation requirements of wireless technology and specialty communication systems. The Company provides a range of services including site design, product integration, security, structured cabling, construction, project management and technical support.

Effective January 10, 2005, a majority of the Company's shareholders approved a one-for-twelve reverse stock split of the Company's common stock, decreasing the number of issued and outstanding shares of common stock from 45,849,976 shares to 3,821,385 shares. The par value of the common stock was not affected by the reverse stock split and remains at $0.0001 per share. Consequently, the reverse stock split has been reflected retroactively in the accompanying financial statements and notes for all periods presented and all applicable references as to the number of common shares and per share information, stock options, warrants and market prices have been restated to reflect this reverse stock split. In addition, shareholders' equity has been restated for all periods presented for the aggregate par value of the number of common shares that were reclassified to additional paid-in capital as a result of the reverse stock split.

On November 24, 2004, we acquired all of the issued and outstanding common stock of Quality. The aggregate consideration paid by the Company to the Quality selling shareholders, net of acquisition transaction costs of $176,356 was $7,457,913, of which $6,700,000 was paid at closing. Additional purchase price adjustments of $757,913 were paid in June 2005 to settle working capital adjustments and income tax reimbursements related to the Company electing to make an Internal Revenue Code 338 (h) (10) election. For income tax purposes, this election results in a stepped up basis of assets and liabilities and will result in future income tax deductions.

NOTE 2 - SUMMARY OF SELECTED SIGNIFICANT ACCOUNTING POLICIES

A summary of selected significant accounting policies consistently applied in the preparation of the accompanying condensed consolidated financial statements follows (additional policies are set forth in the Company's annual report on Form 10-KSB):

GOODWILL

In accordance with the guidelines of Statement of Financial Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," goodwill and indefinite-lived intangible assets are no longer amortized but are assessed for impairment on at least an annual basis. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment.

SFAS No. 142 requires that goodwill be tested for impairment upon adoption and at least annually thereafter, utilizing a two-step methodology. The initial step requires the Company to determine the fair value of the business acquired (reporting unit) and compare it to the carrying value, including goodwill, of such business (reporting unit). If the fair value exceeds the carrying value, no impairment loss would be recognized. However, if the carrying value of the reporting unit exceeds its fair value, the goodwill of the unit may be impaired. The amount, if any, of the impairment is then measured in the second step based on the excess, if any, of the reporting unit's carrying value over its fair value.

The Company determines the fair value of the businesses acquired for purposes of the initial test primarily by using a discounted cash flow valuation technique. Significant estimates used in the valuation include estimates of future cash flows, both future short-term and long-term growth rates, and estimated cost of capital for purposes of arriving at a discount factor. The Company performs its annual impairment test during the fourth quarter absent any interim impairment indicators.

Changes in goodwill during the three months ended July 31, 2005 are as follows:

Beginning balance, May 1, 2005	$ 13,961,642
Additional transaction costs for prior acquisitions	4,303
Quality acquisition purchase price adjustments	61,367
Ending balance, July 31, 2005	$ 14,027,312

REVENUE RECOGNITION

The Company generates its revenue by providing engineering and deployment services for wireless infrastructure services and specialty communication systems. The Company provides a range of engineering services including, site design, construction, product integration, structured cabling, network security, project management and technical support.

The Company records revenue and profit on these contracts on a percentage-of-completion basis using the cost-to-cost method. Contracts in process are valued at cost plus accrued profits less earned revenues and progress payments on uncompleted contracts. Contracts are generally considered substantially complete when engineering is completed and/or site construction is completed. The Company includes in operations pass-through revenue and costs on cost-plus contracts, which are customer-reimbursable materials, equipment and subcontractor costs, when the Company determines that it is responsible for the engineering specification, procurement and management of such cost components on behalf of the customer.

The Company has numerous contracts that are in various stages of completion. Such contracts require estimates to determine the appropriate cost and revenue recognition. Cost estimates are reviewed monthly on a contract-by-contract basis, and are revised periodically throughout the life of the contract such that adjustments to profit resulting from revisions are made cumulative to the date of the revision. Significant management judgments and estimates, including the estimated cost to complete projects, which determines the project's percent complete, must be made and used in connection with the revenue recognized in the accounting period. Current estimates may be revised as additional information becomes available. If estimates of costs to complete long-term contracts indicate a loss, provision is made currently for the total loss anticipated.

EARNINGS PER SHARE

Earnings per common share is computed pursuant to SFAS No. 128, "Earnings Per Share" ("EPS"). Basic income per common share is computed as net income divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common stock issuable through stock options, restrictive stock awards, warrants and other convertible securities. At July 31, 2005, the Company had 445,260 stock options and 2,572,171 warrants outstanding which are potentially dilutive securities. At July 31, 2004, the Company had 229,873 stock options and 425,784 warrants outstanding which were potentially dilutive securities.

For the three months ended July 31, 2005, 392,924 stock options and 2,509,671 warrants were not included in the computation of fully diluted earnings per share, because the stock option and warrant exercise prices exceeded the market price of the common stock and, therefore, the effects would be antidilutive. The assumed conversion of the remaining 52,336 stock options and 62,500 warrants resulted in a 13,950 share increase in weighted average shares for fully diluted earnings per share.

USE 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. The most significant estimates relate to the calculation of percentage-of-completion on uncompleted contracts, allowance for doubtful accounts, valuation of inventory, useful life of customer lists, deferred tax valuation allowance, the fair values of the assets and liabilities of purchased businesses

and the factors related to determining if goodwill is impaired. Actual results could differ from those estimates.

NOTE 3 - ACQUISITIONS

In accordance with SFAS No. 141, "Business Combinations," acquisitions are accounted for under the purchase accounting method of accounting. Under the purchase method of accounting, assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill is recorded to the extent the purchase price consideration, including certain acquisition and closing costs, exceeds the fair value of the net identifiable assets acquired at the date of the acquisition.

QUALITY

On November 24, 2004, the Company acquired all of the issued and outstanding common stock of Quality. The aggregate consideration paid by the Company to the Quality selling shareholders, net of acquisition transaction costs of $176,356, was $7,457,913, of which $6,700,000 was paid at closing. Additional purchase price adjustments of $757,913 were paid in June 2005 to settle working capital adjustments and income tax reimbursements related to the Company electing to make an Internal Revenue Code 338 (h) (10) election. For income tax purposes, this election results in a stepped up basis of assets and liabilities and will result in future income tax deductions.

Quality is a Lakewood, New Jersey based provider of specialty communication services. The acquisition of Quality gives the Company additional project engineering expertise for specialty communication opportunities, broadens its customer base especially in the public safety sector and gaming industry, and expands its geographic presence in the Northeastern United States.

A valuation of certain assets, including property and equipment, and list of major customers, was completed and the Company internally determined the fair value of its other assets and liabilities. In determining the fair value of acquired assets, standard valuation techniques were used including the market and income approaches.

The purchase price allocation, as adjusted, has been determined as follows:

Assets purchased:	
Cash	$ 163,674
Accounts receivable	2,124,587
Inventory	244,053
Fixed assets	481,575
Prepaid expenses	70,447
Customer lists	580,000
Other assets	6,000
Goodwill	5,559,058
	9,229,394
Liabilities assumed:	
Accounts payable	(929,246)
Accrued expenses	(271,991)
Income taxes payable	(98,181)
Line of credit borrowings	(135,129)
Notes payable	(160,578)
	(1,595,125)
Purchase price	$ 7,634,269

The following unaudited pro forma financial information presents the combined results of operations of the Company and Quality for the three months ended July 31, 2004 as if the acquisition had occurred on May 1, 2004, after giving effect to certain adjustments, including the issuance of the Company's common stock to finance the acquisition of Quality. The pro forma financial information does not necessarily reflect the results of operations that would have occurred had the Company and Quality been a single entity during the 2004 period.

	THREE MONTHS ENDED JULY 31, 2004
Revenue	$ 9,708,685
Net income	$ 162,827

Weighted average number of shares used in calculation:		
Basic net income per share		3,821,385
Diluted net income per share		3,852,670
Pro forma net income per common share:		
Basic	$	0.04
Diluted	$	0.04

Customer lists are amortized over a period of five to six years from the date of acquisition. The Company recorded amortization expense related to customer lists of $74,000 and $39,000 for the three months ended July 31, 2005 and 2004, respectively. With the exception of goodwill related to the Quality acquisition, any future goodwill impairments are not deductible for income tax purposes.

NOTE 4 - COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

Costs and estimated earnings on uncompleted contracts consist of the following at July 31, 2005:

Costs incurred on uncompleted contracts	$ 23,353,164
Estimated contract profit	3,679,405
	27,032,569
Less: billings to date	27,082,366
Net billings in excess	($49,797)
Costs and estimated earnings in excess of billings	$ 1,429,122
Billings in excess of costs and estimated earnings on uncompleted contracts	1,478,919
Net billings in excess	$ (49,797)

NOTE 5 - RELATED PARTY TRANSACTIONS

In connection with the acquisition of Walker, the Company assumed a ten-year lease with a trust, of which a certain officer of the Company is the trustee, for a building and land located in Fairfield, California, which is occupied by its Walker subsidiary. For the three months ended July 31, 2005 and 2004, the rent paid for this lease was $22,000 and $23,000, respectively.

In connection with the acquisition of Clayborn, an additional $1,100,000 is due by September 30, 2007, payable in quarterly distributions to the Clayborn shareholders, by payment of 50% of the quarterly post tax profits, as defined, of Clayborn and the payment of the remainder on that date.

In connection with the acquisition of Heinz, a $200,000 non-interest bearing promissory note was issued. Of the $200,000, $75,000 was paid in April 2005, $75,000 is payable on the second anniversary of the closing date and $50,000 is payable on the third anniversary of the closing date.

In connection with the acquisition of Quality, approximately $758,000 of additional purchase price consideration was paid to the selling shareholders in June 2005 for working capital adjustments and income tax reimbursements.

NOTE 6 - LINE OF CREDIT

Walker maintained a revolving line of credit facility with a commercial bank, with a borrowing limit up to 70% of eligible Walker accounts receivable. On June 3, 2005, this line of credit was paid off in connection with the credit agreement described below.

On June 3, 2005, the Company entered into a credit agreement with a new commercial bank. The credit agreement (the "Credit Agreement") provides for a revolving line of credit in an amount not to exceed $5,000,000, together with a letter of credit facility not to exceed $500,000. The Company also entered into security agreements with the bank, pursuant to which each subsidiary granted a security interest to the bank in all of their assets.

Pursuant to the terms of the Credit Agreement, the Company is permitted to borrow up to $3,000,000 under the revolving credit line, based upon eligible receivables. Once the Company has provided financial statements to the bank which evidence that the Company has earnings before interest, taxes, depreciation and amortization of (i) $750,000 for the quarter ended July 31, 2005, (ii) $750,000 for the quarter ended October 31, 2005, and (iii) $2,500,000 for the year ended April 30, 2006, the revolving commitment amount will be increased to $5,000,000. The Credit Agreement contains customary covenants, including but not limited to (i) restrictions on the permitted ratio of total unsubordinated liabilities to tangible net worth plus subordinated indebtedness, (ii) the Company's total tangible net worth, (iii) working capital, (iv) minimum earnings before interest, taxes, depreciation and amortization, and (v) dividend restrictions. As of July 31, 2005, the Company was in compliance with the Credit Agreement covenants. The loan commitment shall expire on August 31, 2008. The Company may prepay the loan at any time.

Loans under the Credit Agreement bear interest at a rate equal to either the bank's reference rate plus one half (0.5%) percent, or LIBOR plus two and three-quarters (2.75%) percent, as the Company may request (6.125% as of July 31, 2005). The Company paid a facility fee to the bank of $50,000 on the closing date.

The Company used the initial funds provided by the loan, in the gross amount of $3,000,000, to repay existing bank debt at Walker of approximately $672,000, for the payment of approximately $758,000 to the former shareholders of our Quality subsidiary for monies due to them pursuant to the terms of the purchase of their company, and for working capital. A $500,000 letter of credit was also re-issued in favor of Walker's surety bonding company for performance and payment bond collateral requirements.

NOTE 7 - STOCK OPTION PLAN

The Company established a nonqualified stock option plan pursuant to which options to acquire a maximum of 416,667 shares of the Company's common stock were reserved for grant (the "2002 Plan"). Under the terms of the 2002 Plan, the options, which expire one to five years after grant, are exercisable at prices equal to the fair market value of the stock at the date of the grant and become exercisable in accordance with terms established at the time of the grant. At July 31, 2005, there were no shares available for grant under the 2002 Plan. From time to time, the Company issues stock options to employees outside the plan. Through July 31, 2005, the Company had issued 28,593 stock options to employees outside the plan that remained outstanding.

As currently permitted by SFAS 123, "Accounting for Stock-Based Compensation", the Company has elected to continue to account for its stock-based compensation plans in accordance with the intrinsic-value-based method of accounting prescribed by Accounting Principles Board Opinion No. 25

("APB 25"), "Accounting for Stock Issued to Employees". Under APB 25, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. The exercise price of all options granted to employees has been equal to or greater than the fair market value at the date of grant and, accordingly, the Company has not recognized compensation expense associated with its stock option plan. By making that election, the Company is required under SFAS 123 to provide pro forma disclosures of net income and net income per common share as if the fair value based method of accounting had been applied. The following table illustrates the effect on net income and net income per common share for the three months ended July 31, 2005 and 2004, as if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based compensation.

The Company applies the intrinsic value method in accounting for its stock-based compensation plan. Had the Company measured compensation under the fair value based method for stock options granted and amortized the cost over the related vesting period, the Company's net loss and net loss per share attributable to common shareholders would have been as follows:

<TABLE>
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	THREE MONTHS ENDED JULY 31,	
	2005	2004

<S>	<C>	<C>
Net income, as reported	$ 315,278	$ 76,375
Deduct: total stock-based employee compensation expense determined under fair value based method for all awards, net of tax	(18,343)	(35,228)
Net income, pro forma	$ 296,935	$ 41,147
Basic net income per share		
As reported	$ 0.08	$ 0.04
Pro forma	$ 0.08	$ 0.02
Diluted net income per share		
As reported	$ 0.08	$ 0.04
Pro forma	$ 0.08	$ 0.02

</TABLE>

The fair value of each option granted was estimated on the date of grant using the Black-Scholes Option pricing model with the following assumptions. For the three months ended July 31, 2005, risk-free interest of 3.81%, dividend yield of 0%, expected life of 5 years and volatility of 35.5% were used. For the three months ended July 31, 2004, no options were granted.

SFAS 123(R) (revised December 2004), "Share-Based Payment", an amendment of SFAS 123, established accounting and disclosure requirements using a fair-value-based method of accounting for stock-based employee compensation plans. As a result of the amendments to SFAS 123, the Company will be required to expense the fair value of employee stock options beginning with its fiscal year ending April 30, 2007. The new standard will require the Company to expense the fair value of employee stock options and other share-based payments over the vesting period. The FASB believes the use of a binomial lattice model for option valuation is capable of more fully reflecting certain characteristics of employee share options compared to the Black-Scholes options pricing model.

The new standard may be adopted in one of three ways - the modified prospective transition method, a variation of the modified prospective transition method or the modified retrospective transition method. We are currently evaluating how we will adopt the standard and evaluating the effect that the adoption of SFAS 123(R) will have on our financial position or results of operations.

NOTE 8 - SEGMENT REPORTING

The Company's reportable segments are determined and reviewed by management based upon the nature of the services, the external customers and customer industries and the sales and distribution methods used to market the products. The Company has two reportable segments: wireless infrastructure services and specialty communication systems. Management evaluates performance based upon (loss) income before income taxes. Corporate includes corporate salaries and external professional fees, such as accounting, legal and investor relations costs which are not allocated to the other subsidiaries. Corporate assets include cash, prepaid expenses and deferred tax assets. Segment results for the three months ended July 31, 2005 and 2004 are as follows.

<TABLE>
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	AS OF/FOR THREE MONTHS ENDED JULY 31, 2005				AS OF/FOR THREE MONTHS ENDED JULY 31, 2004			
	Corporate	Wireless Infrastructure	Specialty Communication	Total	Corporate	Wireless Infrastructure	Specialty Communication	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenue	-	$1,564,174	$10,607,465	$12,171,639	-	$2,456,088	$4,823,065	$7,279,153
Income (loss) before income taxes	($521,403)	$145,254	$903,510	$527,361	($402,531)	$375,179	$171,083	$143,731
Goodwill	-	$2,482,085	$11,545,227	$14,027,312	-	$2,648,803	$5,986,168	$8,634,971

Total assets	$2,171,378	$4,458,593	$25,626,627	$32,256,598	$148,526	$5,213,056	$14,151,554
$19,513,136							

</TABLE>

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto set forth in Item 1 of this Quarterly Report. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions, which could cause actual results to differ materially from Management's expectations. Factors that could cause differences include, but are not limited to, expected market demand for the Company's services, fluctuations in pricing for materials, and competition.

OVERVIEW

WPCS International Incorporated is an engineering company that focuses on the implementation requirements of wireless technology and specialty communication systems. We provide a range of services including, site design, product integration, security, structured cabling, construction and project management.

As a result of the acquisitions of Invisinet, Inc. on November 13, 2002 and Walker Comm, Inc. on December 30, 2002, we experienced significant growth in our overall business and commenced operations in two segments, specialty communication systems and wireless infrastructure services. With the acquisitions of Clayborn Contracting Group, Inc. and Heinz Corporation in fiscal 2004 and Quality Communications & Alarm Company in fiscal 2005, we experienced additional growth in each of these segments.

RESULTS OF OPERATIONS

Management currently considers the following events, trends and uncertainties to be important to understand its results of operations and financial condition:

- We operate in two segments, specialty communication systems and wireless infrastructure services. With the acquisition of Quality in the third quarter of fiscal 2005, we experienced additional expansion of the specialty communication segment.

- For the three months ended July 31, 2005, the specialty communication segment represents approximately 87% of total revenue, and wireless infrastructure services represent approximately 13% of total revenue.

- Our primary goal is to focus on organic growth opportunities. We will also consider strategic acquisitions of companies familiar with wireless infrastructure and specialty communication systems. The goal for any future acquisition will be to expand the product and service offerings, to strengthen our project services capabilities, expand our customer base and add accretive revenue and earnings.

- As of July 31, 2005, our backlog is approximately $21,200,000. Our backlog is comprised of the uncompleted portion of services to be performed under job-specific contracts or purchase orders. We expect this backlog to be fully recognized as revenue within the next eight months.

- Our selling, general and administrative expenses as a percentage of revenue decreased to 18.6% for the three months ended July 31, 2005, as compared to 19.1% for the same period in the prior year.

THREE MONTHS ENDED JULY 31, 2005

Consolidated results for the three months ended July 31, 2005 and 2004 are as follows.
<TABLE>
<CAPTION>

	THREE MONTHS ENDED JULY 31, 2005		THREE MONTHS ENDED JULY 31, 2004	
<S>	<C>	<C>	<C>	<C>
REVENUE	$ 12,171,639	100%	$ 7,279,153	100%
COSTS AND EXPENSES:				
Cost of revenue	9,130,091	75%	5,619,587	77%
Selling, general and administrative expenses	2,263,955	18%	1,392,691	19%
Depreciation and amortization	211,467	2%	122,031	2%
Total costs and expenses	11,605,513	95%	7,134,309	98%
OPERATING INCOME	566,126	5%	144,844	2%
OTHER EXPENSE:				
Interest expense	38,765	0%	1,113	0%
INCOME BEFORE INCOME TAX PROVISION	527,361	5%	143,731	2%
Income tax provision	212,083	2%	67,356	1%
NET INCOME	$ 315,278	3%	$ 76,375	1%

</TABLE>

REVENUE

We generate our revenue by providing engineering and deployment services for wireless infrastructure services and specialty communication systems. We provide a range of engineering services including site design, construction, product integration, structured cabling, network security, project management and technical support.

Revenue for the three months ended July 31, 2005 was approximately $12,172,000, as compared to $7,279,000 for the three months ended July 31, 2004. The increase in revenue for the three months was primarily attributable to the acquisition of Quality and secondarily to organic growth expansion of our customer base and new contract awards.

Total revenue from the specialty communication segment for the three months ended July 31, 2005 and 2004 was approximately $10,607,000 or 87.1% and $4,823,000 or 66.3% of total revenue, respectively. Wireless infrastructure segment revenue for the three months ended July 31, 2005 and 2004 was approximately $1,564,000 or 12.9% and $2,456,000 or 33.7% of total revenue, respectively.

COST OF REVENUE

Cost of revenue consists of direct costs on contracts, materials, direct labor, third party subcontractor services, union benefits and other overhead costs. Our cost of revenue was approximately $9,130,000 or 75.0% of revenue for the three months ended July 31, 2005, compared to $5,620,000 or 77.2% for the same period of the prior year. The dollar increase in our total cost of revenue is due to the corresponding increase in revenue as a result of organic growth in revenue from Walker, Clayborn and Heinz, and the acquisition of Quality. The decrease in cost of revenue as a percent of revenue is due to the revenue mix attributable to contract revenue from Walker, Clayborn and Heinz and to the recent acquisition of Quality.

The specialty communication segment cost of revenue and cost of revenue as a percentage of revenue for the three months ended July 31, 2005 and 2004 was approximately $7,981,000 and 75.2% and $3,827,000 and 79.3%, respectively. The decrease in cost of revenue as a percentage of revenue is due to the revenue mix attributable to contract revenue from Walker and Clayborn and the acquisition of Quality.

Wireless infrastructure segment cost of revenue and cost of revenue as a percentage of revenue for the three months ended July 31, 2005 and 2004 was approximately $1,149,000 and 73.5% and $1,793,000 and 73.0%, respectively. The decrease in cost of revenue as a percentage of revenue is due to the revenue mix attributable to contract revenue of Heinz.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the three months ended July 31, 2005, total selling, general and administrative expenses were $2,264,000, or 18.6% of total revenue compared to $1,393,000 or 19.1% of revenue for the same period in the prior year. The percentage decrease is due to the management of our cost structure as we leverage incremental revenue dollars in fiscal 2006. Included in selling, general and administrative expenses for the three months ended July 31, 2005 are $1,161,000 for salaries, commissions, and payroll taxes. The increase in salaries and payroll taxes compared to the same period in the prior year is due to the increase in headcount as a result of the acquisition of Quality. Professional fees were $238,000, which include accounting, legal and investor relation fees. Insurance costs were $310,000 and rent for office facilities was $103,000. Automobile and other travel expenses were $200,000. Other selling, general and administrative expenses totaled $252,000. For the three months ended July 31, 2005, total selling, general and administrative expenses for the specialty communication and wireless infrastructure segments were $1,552,000 and $244,000, respectively.

For the three months ended July 31, 2004, selling, general and administrative expenses were $1,393,000 or 19.1% of revenue. Included in the selling, general and administrative expenses were $701,000 for salaries, commissions and payroll

taxes, $196,000 in professional fees, and insurance costs of $166,000. Rent for our office facilities amounted to $66,000. Automobile and other travel expenses were $98,000. Other selling, general and administrative expenses totaled $166,000. For the three months ended July 31, 2004, total selling, general and administrative expenses for the specialty communication and wireless infrastructure segments were $727,000 and $267,000, respectively.

DEPRECIATION AND AMORTIZATION

For the three months ended July 31, 2005 and 2004, depreciation was approximately $137,000 and $83,000, respectively. The increase in depreciation is due to the purchase of property and equipment and the acquisition of fixed assets from acquiring Quality. The amortization of customer lists for the three months ended July 31, 2005 was $74,000 as compared to $39,000 for the same period of the prior year. The increase in amortization is due to the acquisition of Heinz and Quality customer lists. All customer lists are amortized over a period of five to six years from the date of their acquisition.

NET INCOME

Net income was approximately $315,000 for the three months ended July 31, 2005. Net income is net of federal and state income tax expense of approximately $212,000. The variation in effective tax rates between periods is primarily due to the Quality acquisition and certain book-to-tax permanent differences.

We recognized net income of approximately $76,000 for the three months ended July 31, 2004.

LIQUIDITY AND CAPITAL RESOURCES

At July 31, 2005, we had working capital of approximately $8,198,000, which consisted of current assets of approximately $15,253,000 and current liabilities of $7,055,000.

Operating activities used $246,000 in cash during the three months ended July 31, 2005. This was mainly comprised of $315,000 of net income plus $160,000 in net non-cash charges, a $121,000 decrease in accounts receivable, $249,000 increase in income taxes payable, a $520,000 increase in costs and estimated earnings in excess of billings on uncompleted contracts, a $67,000 decrease in inventory, $299,000 increase in prepaid expenses and other current assets, $603,000 decrease in accounts payable and accrued expenses, $274,000 increase in billings in excess of costs and estimated earnings on uncompleted contracts payable and a $10,000 net increase in other assets.

Our investing activities utilized $862,000 in cash during the three months ended July 31, 2005, which consisted of $100,000 paid for property and equipment, $758,000 for the acquisition of Quality and $4,000 paid for acquisition transaction costs.

Our financing activities provided cash of $2,427,000 during the three months ended July 31, 2005. Financing activities included debt issuance costs of $159,000, borrowings under lines of credit of $2,618,000 and repayments of equipment loans and capital lease obligations of approximately $32,000.

Our capital requirements depend on numerous factors, including the market for our services, the resources we devote to developing, marketing, selling and supporting our business, the timing and extent of establishing additional markets and other factors. On June 3, 2005, we entered into a credit agreement with a new commercial bank. The credit agreement (the "Credit Agreement"), provides for a revolving line of credit in an amount not to exceed $5,000,000, together with a letter of credit facility not to exceed $500,000. We also entered into security agreements, pursuant to which each subsidiary granted a security interest to the bank in all of their assets.

Pursuant to the terms of the Credit Agreement, we are permitted to borrow up to $3,000,000 under the revolving credit line, based upon eligible receivables. Once we have provided financial statements which evidence that we have earnings before interest, taxes, depreciation and amortization of (i) $750,000 for the quarter ended July 31, 2005, (ii) $750,000 for the quarter ended October 31, 2005, and (iii) $2,500,000 for the year ended April 30, 2006, the revolving commitment amount will be increased to $5,000,000. The Credit Agreement contains customary covenants, including but not limited to (i) restrictions on the permitted ratio of total unsubordinated liabilities to tangible net worth plus subordinated indebtedness, (ii) the Company's total tangible net worth, (iii) working capital, (iv) minimum earnings before interest, taxes, depreciation and amortization, and (v) dividend restrictions. As of July 31, 2005, the Company was in compliance with the Credit Agreement covenants. The loan commitment shall expire on August 31, 2008. We may prepay the loan at any time.

Loans under the Credit Agreement bear interest at a rate equal to either the bank's reference rate plus one half (0.5%) percent, or LIBOR plus two and three-quarters (2.75%) percent, as we may request (6.125% as of July 31, 2005). We paid a facility fee to the bank of $50,000 on the closing date.

We used the initial funds provided by the loan, in the gross amount of $3,000,000, to repay existing bank debt at Walker of approximately $672,000, for the payment of approximately $758,000 to the former shareholders of our Quality subsidiary for monies due to them pursuant to the terms of the purchase of their company, and for working capital. A $500,000 letter of credit was re-issued in favor of Walker's surety bonding company as collateral for performance and payment bond requirements.

On November 24, 2004, we acquired Quality for the aggregate consideration of approximately $7,500,000 in cash, net of acquisition transaction costs. A formal purchase price allocation has been completed and the amounts assignable to tangible assets, other intangible assets and goodwill have been determined. The acquisition of Quality gives us additional project engineering expertise for specialty communication opportunities, broadens our customer base especially in the public safety sector and gaming industry, and expands our geographic presence in the Northeastern United States.

At July 31, 2005, we had cash and cash equivalents of $2,309,000 and working capital of approximately $8,198,000. With the additional capital resources raised from the issuance of the common stock, funds available from the recently obtained Credit Agreement and internally available funds, we believe that we have sufficient capital to meet our needs through July 31, 2006. Our future operating results may be affected by a number of factors including our success in bidding on future contracts and our continued ability to manage controllable costs effectively. To the extent we grow by future acquisitions that involve consideration other than stock, our cash requirements may increase.

CRITICAL ACCOUNTING POLICIES

Financial Reporting Release No. 60, published by the SEC, recommends that all companies include a discussion of critical accounting policies used in the preparation of their financial statements. While all these significant accounting policies impact its financial condition and results of operations, we view certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on our consolidated financial statements and require management to use a greater degree of judgment and estimates. Actual results may differ from those estimates.

We believe that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause a material effect on our consolidated results of operations, financial position or liquidity for the periods presented in this report.

The accounting policies identified as critical are as follows:

USE 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 revenue and expenses during the reporting period. The most significant estimates relate to the calculation of percentage-of-completion on uncompleted contracts, allowance for doubtful accounts, valuation of inventory, useful life of customer lists, deferred tax valuation allowance, the fair values of the assets and liabilities of purchased businesses and the factors related to determining if goodwill is impaired. Actual results could differ from those estimates.

ACCOUNTS RECEIVABLE

Accounts receivable are due within contractual payment terms and are stated at amounts due from customers net of an allowance for doubtful accounts. Credit is extended based on evaluation of a customer's financial condition. Accounts outstanding longer than the contractual payment terms are considered past due. We determine our allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the previous loss history, the customer's current ability to pay its obligation to us, and the condition of the general economy and the industry as a whole. We write off accounts receivable when they become uncollectible, and payment subsequently received on such receivables are credited to the allowance for doubtful accounts.

GOODWILL AND OTHER LONG-LIVED ASSETS

We assess the impairment of long-lived assets whenever events or changes in circumstances indicate that their carrying value may not be recoverable from the estimated future cash flows expected to result from their use and eventual disposition. Our long-lived assets subject to this evaluation include property and equipment and amortizable intangible assets. We assess the impairment of goodwill annually in our fourth fiscal quarter and whenever events or changes in circumstances indicate that it is more likely than not that an impairment loss has been incurred. Intangible assets other than goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. We are required to make judgments and assumptions in identifying those events or changes in circumstances that may trigger impairment. Some of the factors we consider include a significant decrease in the market value of an asset, significant changes in the extent or manner for which the asset is being used or in its physical condition, a significant change, delay or departure in our business strategy related to the asset, significant negative changes in the business climate, industry or economic condition, or current period operating losses, or negative cash flow combined with a history of similar losses or a forecast that indicates continuing losses associated with the use of an asset.

We performed our annual review for goodwill impairment in the fourth quarter of fiscal 2005 and tested for goodwill impairment in each reporting unit that contains goodwill. Our tests found that no impairment existed. Our impairment review is based on comparing the fair value to the carrying value of the reporting units with goodwill. The fair value of a reporting unit is measured at the business unit level using a discounted cash flow approach that incorporates our estimates of future revenues and costs for those business units. Reporting units with goodwill include Invisinet and Heinz within our wireless infrastructure segment and Walker, Clayborn and Quality within our specialty communications segment. Our estimates are consistent with the plans and estimates that we are using to manage the underlying businesses. If we fail to deliver products and services for these business units, or market conditions for these businesses fail to improve, our revenue and cost forecasts may not be achieved and we may incur charges for goodwill impairment, which could be significant and could have a material adverse effect on our net equity and results of operations.

DEFERRED INCOME TAXES

We determine deferred tax assets and liabilities at the end of each period based on the future tax consequences that can be attributed to net operating loss and credit carryovers and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, using the tax rate expected to be in effect when the taxes are actually paid or recovered. The recognition of deferred tax assets is reduced by a valuation allowance if it is more likely than not that the tax benefits will not be realized. The ultimate realization of deferred tax assets depends upon the generation of future taxable income during the periods in which those temporary differences become deductible.

We consider past performance, expected future taxable income and prudent and feasible tax planning strategies in assessing the amount of the valuation allowance. Our forecast of expected future taxable income is based over such future periods that we believe can be reasonably estimated. Changes in market conditions that differ materially from our current expectations and changes in future tax laws in the U.S. may cause us to change our judgments of future taxable income. These changes, if any, may require us to adjust our existing tax valuation allowance higher or lower than the amount we have recorded.

REVENUE RECOGNITION

We generate our revenue by providing project engineering and deployment services for wireless infrastructure services and specialty communication systems. We provide a range of engineering services including site design, construction, product integration, structured cabling, network security, project management and technical support.

We record revenue and profit on these contracts on a percentage-of-completion basis on the cost-to-cost method. Contracts in process are valued at cost plus accrued profits less earned revenues and progress payments on uncompleted contracts. Contracts are generally considered substantially complete when engineering is completed and/or site construction is completed. We include in operations pass-through revenue and costs on cost-plus contracts, which are customer-reimbursable materials, equipment and subcontractor costs, when we determine that it we are responsible for the engineering specification, procurement and management of such cost components on behalf of the customer.

We have numerous contracts that are in various stages of completion. Such contracts require estimates to determine the appropriate cost and revenue recognition. Cost estimates are reviewed monthly on a contract-by-contract basis, and are revised periodically throughout the life of the contract such that adjustments to profit resulting from revisions are made cumulative to the date of the revision. Significant management judgments and estimates, including the estimated cost to complete projects, which determines the project's percent complete, must be made and used in connection with the revenue recognized in the accounting period. Current estimates may be revised as additional information becomes available. If estimates of costs to complete long-term contracts indicate a loss, provision is made currently for the total loss anticipated.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In December 2004, the FASB issued SFAS No. 123(R) (revised 2004), "Share-Based Payment", which amends FASB Statement No. 123 and will be effective beginning with our fiscal year ending April 30, 2007. The new standard will require us to expense employee stock options and other share-based payments over the vesting period. The FASB believes the use of a binomial lattice model for option valuation is capable of more fully reflecting certain characteristics of employee share options compared to the Black-Scholes options pricing model. The new standard may be adopted in one of three ways - the modified prospective

transition method, a variation of the modified prospective transition method or the modified retrospective transition method. We are currently evaluating how we will adopt the standard and evaluating the effect that the adoption of SFAS 123(R) will have on our financial position or results of operations.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4." This statement amends the guidance in ARB No. 43, Chapter 4, Inventory Pricing, to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material (spoilage). Paragraph 5 of ARB No. 43, Chapter 4, previously stated that "...under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges..." SFAS No. 151 requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The provisions of SFAS 151 shall be applied prospectively and are effective for inventory costs incurred during fiscal years beginning after June 15, 2005, with earlier application permitted for inventory costs incurred during fiscal years beginning after the date this Statement was issued. The adoption of SFAS No. 151 is not expected to have a material impact on our 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". The guidance in APB Opinion No. 29, "Accounting for Nonmonetary Transactions", is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. This Statement amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for nonmonetary exchanges occurring in fiscal periods beginning after June 15, 2005. The adoption of SFAS No. 153 is not expected to have a material impact on our financial position or results of operations.

FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes a number of forward-looking statements that reflect Management's current views with respect to future events and financial performance. Those statements include statements regarding the intent, belief or current expectations of us and members of its management team as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.

Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission. Important factors currently known to Management could cause actual results to differ materially from those in forward-looking statements. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time. We believe that its assumptions are based upon reasonable data derived from and known about our business and operations and the business and operations of the Company. No assurances are made that actual results of operations or the results of our future activities will not differ materially from its assumptions.

ITEM 3. CONTROLS AND PROCEDURES

a) Evaluation of disclosure controls and procedures. An evaluation as of July 31, 2005 was performed under the supervision and with participation of our management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, the chief executive officer and chief financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) were sufficiently effective as of that date to ensure that the information required to be disclosed by us in the reports that we file under the Exchange Act is gathered, analyzed and disclosed with adequate timeliness, accuracy and completeness.

b) Changes in internal controls. There was no change in the Company's internal controls over financial reporting, that occurred during the period covered by this report that was materially affected, or was reasonably likely to materially effect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have, individually or in the aggregate, a material adverse affect on our business, financial condition or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

31.1 - Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended

31.2 - Certification of Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d 14(a), promulgated under the Securities and Exchange Act of 1934, as amended

32.1 - Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer)

32.2 - Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer)

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WPCS INTERNATIONAL INCORPORATED

Date: September 14, 2005

By: /s/ JOSEPH HEATER

Joseph Heater

Chief Financial Officer

Exhibit 31.1

I, Andrew Hidalgo, the Chief Executive Officer of WPCS International Incorporated, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of WPCS International Incorporated;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this quarterly report;

4. The small business issuer'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-15(e)) for the small business issuer and 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 small business issuer, 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 small business issuer'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 change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: September 14, 2005

By: /s/ ANDREW HIDALGO

Andrew Hidalgo

Chief Executive Officer

Exhibit 31.2

I, Joseph Heater, the Chief Financial Officer of WPCS International Incorporated, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of WPCS International Incorporated;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this quarterly report;

4. The small business issuer'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-15(e)) for the small business issuer and 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 small business issuer, 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 small business issuer'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 change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: September 14, 2005

By: /s/ JOSEPH HEATER

Joseph Heater
Chief Financial Officer

Exhibit 32.1

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 WPCS International Incorporated (the "Company") on Form 10-QSB for the period ended July 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrew Hidalgo, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: September 14, 2005

By: /s/ ANDREW HIDALGO

Andrew Hidalgo
Chief Executive Officer

Exhibit 32.2

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 WPCS International Incorporated (the "Company") on Form 10-QSB for the period ended July 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Heater, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 906 of the Sarbanes-Oxley Act of 2002, that:

(3) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(4) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: September 14, 2005

By: /s/ JOSEPH HEATER

Joseph Heater
Chief Financial Officer