

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1999

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from Not Applicable to

Commission file number 0-25890

CENTURY BUSINESS SERVICES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

22-2769024

(State or Other Jurisdiction of Incorporation
or Organization)

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

6480 Rockside Woods Boulevard South, Suite 330, Cleveland, Ohio 44131

(Address of Principal Executive Offices)

(Zip Code)

(Registrant's Telephone Number, Including Area Code) 216-447-9000

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 proceeding 12 months, and (2) has been subject to such filing requirements
for the past 90 days.

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of
common stock, as of the latest practicable date:

Class of Common Stock -----	Outstanding at August 10, 1999 -----
Par value \$.01 per share	84,985,265 -----

Exhibit Index is on page 15 of this report.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands)

	JUNE 30, 1999	DECEMBER 31, 1998
	-----	-----
ASSETS		
Cash and cash equivalents	\$ 56,484	\$ 43,103
Accounts receivable, less allowance for doubtful accounts of \$8,534 and \$5,258	152,120	108,958
Investments available for sale, at fair value	396	328
Notes receivable - current	14,742	15,563
Other current assets	10,704	7,466
Net assets of discontinued operations	45,014	45,883
	-----	-----
Total current assets	279,460	221,301
Goodwill, net of accumulated amortization of \$ 9,835 and \$5,838	325,427	293,374
Fixed assets, net of accumulated depreciation of \$16,411 and \$13,715	40,340	28,427
Notes receivable - non-current	3,447	3,116
Other assets	9,435	6,939
	-----	-----
Total non-current assets	378,649	331,856
TOTAL ASSETS	\$ 658,109	\$ 553,157
	=====	=====
LIABILITIES		
Accounts payable	\$ 30,906	\$ 36,520
Income taxes - current	--	3,345
Notes payable and capitalized leases - current	7,140	31,430
Accrued expenses and other liabilities	31,774	34,729
	-----	-----
Total current liabilities	69,820	106,024
Bank debt	88,000	44,000
Notes payable and capitalized leases - long term	3,309	5,700
Income taxes - deferred	4,076	3,312
Accrued expenses and other liabilities	23,823	239
	-----	-----
Total non-current liabilities	119,208	53,251
TOTAL LIABILITIES	180,028	159,275
	-----	-----
STOCKHOLDERS' EQUITY		
Common stock	803	748
Additional paid-in capital	380,428	331,408
Retained earnings	91,950	64,230
Unearned ESOP	(1,794)	(2,549)
Treasury stock	(754)	(74)
Accumulated other comprehensive income (loss)	(1,552)	119
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	469,081	393,882
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 658,109	\$ 553,157
	=====	=====

See the accompanying notes to the condensed consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(In thousands, except per share data)

	THREE MONTHS ENDED, JUNE 30,		SIX MONTHS ENDED, JUNE 30	
	1999 -----	1998 -----	1999 -----	1998 -----
Revenue	\$ 121,288	\$ 72,209	\$ 249,292	\$ 141,934
Expenses:				
Operating	92,323	56,689	187,825	111,763
Corporate general and administrative	3,180	1,071	6,556	2,606
Merger and acquisition	694	710	1,870	713
Depreciation and amortization	4,152	2,087	8,439	4,281
Interest expense (income), net	127	(84)	19	(186)
	-----	-----	-----	-----
Total expenses	100,476	60,473	204,709	119,177
Income from continuing operations before income tax expense	20,812	11,736	44,583	22,757
Income tax expense	8,231	3,981	17,633	7,799
	-----	-----	-----	-----
Income from continuing operations	12,581	7,755	26,950	14,958
Income from discontinued operations, net of income taxes	164	1,747	870	3,341
	-----	-----	-----	-----
Net income	\$ 12,745 =====	\$ 9,502 =====	\$ 27,820 =====	\$ 18,299 =====
Basic earnings per share:				
Continuing operations	\$ 0.16	\$ 0.13	\$ 0.35	\$ 0.27
Discontinued operations	--	0.03	0.01	0.06
	-----	-----	-----	-----
Net income	\$ 0.16 =====	\$ 0.16 =====	\$ 0.36 =====	\$ 0.33 =====
Diluted earnings per share:				
Continuing operations	\$ 0.15	\$ 0.10	\$ 0.32	\$ 0.21
Discontinued operations	--	0.03	0.01	0.05
	-----	-----	-----	-----
Net income	\$ 0.15 =====	\$ 0.13 =====	\$ 0.33 =====	\$ 0.26 =====
Pro forma income data from continuing operations:				
Net income as reported	\$ 12,581	\$ 7,755	\$ 26,950	\$ 14,958
Pro forma adjustment to provision for income taxes	--	436	133	872
	-----	-----	-----	-----
Pro forma net income	\$ 12,581 =====	\$ 7,319 =====	\$ 26,817 =====	\$ 14,086 =====
Pro forma earnings per share:				
Basic	\$ 0.16 =====	\$ 0.13 =====	\$ 0.34 =====	\$ 0.25 =====
Diluted	\$ 0.15 =====	\$ 0.10 =====	\$ 0.32 =====	\$ 0.20 =====
Weighted average common shares	79,409 =====	58,538 =====	78,125 =====	56,008 =====
Weighted average common shares and dilutive potential common shares	85,970 =====	74,215 =====	84,711 =====	71,507 =====

See the accompanying notes to the condensed consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
 (In thousands)

	SIX MONTHS ENDED JUNE 30,	
	1999	1998
NET CASH PROVIDED BY (USED IN) CONTINUING OPERATING ACTIVITIES	\$ 3,162	\$ (378)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investment securities	--	(238)
Proceeds from (additions to) notes receivable	(187)	560
Business acquisitions, net of cash acquired	(15,591)	(34,462)
Purchases of property and equipment	(14,036)	(5,482)
Proceeds from dispositions of property and equipment	56	395
Net cash used in investing activities	(29,758)	(39,227)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bank debt	72,000	59,500
Proceeds from notes payable and capitalized leases	3,664	479
Payment of bank debt	(28,000)	(34,200)
Payment of notes payable and capitalized leases	(35,095)	(12,013)
Proceeds from stock issuances, net	24,735	47,695
Proceeds from exercise of stock options and warrants, net	2,744	8,798
Pre-merger equity transactions	(71)	(1,450)
Net cash provided by financing activities	39,977	68,809
Net increase in cash and cash equivalents	13,381	29,204
Cash and cash equivalents at beginning of period	43,103	22,754
Cash and cash equivalents at end of period	\$ 56,484	\$ 51,958

See the accompanying notes to the condensed consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the opinion of management, the accompanying unaudited condensed consolidated interim financial statements reflect all adjustments (consisting of only normal and recurring adjustments) necessary to present fairly the financial position of Century Business Services, Inc. and Subsidiaries ("Century") as of June 30, 1999 and December 31, 1998, and the results of their operations for the three and six-month periods ended June 30, 1999 and 1998, and cash flows for the six-month periods ended June 30, 1999 and 1998. The results of operations for such interim periods are not necessarily indicative of the results for the full year. The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and with instructions to Form 10-Q and accordingly do not include all disclosures required by generally accepted accounting principles. The 1998 condensed consolidated balance sheet was derived from Century's audited consolidated balance sheet which has been restated to include the results of acquisitions accounted for under the pooling-of-interests method of accounting and gives effect to the planned divestiture of its specialty insurance segment, which is being accounted for as a discontinued operation. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1998.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Certain reclassifications have been made to the 1998 financial statements to conform to the 1999 presentation.

2. ACQUISITIONS

During the second quarter 1999, the Company continued its strategic acquisition program, acquiring the businesses of seven complementary companies. These acquisitions comprised of the following: two accounting, tax, valuation and advisory firms, four benefits administration and insurance firms, and one information technology firm.

Five of the acquisitions were accounted for as purchases, and accordingly, the operating results of the acquired companies have been included in the accompanying condensed consolidated financial statements since the dates of acquisition. The aggregate purchase price of these acquisitions was approximately \$9.6 million, comprised of \$3.8 million in cash and 0.8 million shares of restricted common stock, fair value of \$5.8 million. The aggregate purchase prices exclude future contingent consideration consisting of \$1.6 million in cash and 0.4 million shares of restricted common stock, fair value of \$3.1 million, which is based on the acquired companies' ability to meet or exceed certain performance goals. Goodwill is being amortized over periods not exceeding forty years. As a result of the nature of the assets and liabilities of the businesses acquired, there were no material identifiable intangible assets. The aggregate purchase price, excluding future contingent consideration, has been allocated to the net assets of the companies acquired based upon their respective fair values. Future contingent consideration is recorded when earned as additional purchase price.

The unaudited pro forma information for the periods set forth below give effect to 1999 acquisitions accounted for under the purchase method of accounting as if they had occurred on January 1, 1999 and January 1, 1998. The pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had these transactions been consummated at the beginning of the periods presented (in thousands, except per share data):

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (Unaudited) - (continued)

2. ACQUISITIONS (CONTINUED)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 1999 -----	JUNE 30, 1998 -----	JUNE 30, 1999 -----	JUNE 30, 1998 -----
Pro forma from continuing operations:				
Revenue	\$ 123,426	\$ 80,298	\$ 257,518	\$158,111
Net income	\$ 12,925	\$ 9,142	\$ 27,948	\$ 17,733
Earnings per share				
Basic	\$ 0.16	\$ 0.15	\$ 0.35	\$ 0.31
Diluted	\$ 0.15	\$ 0.12	\$ 0.33	\$ 0.24

Century exchanged approximately 1.4 million shares of its common stock for all of the common stock of two acquisitions completed in the second quarter, which were accounted for under the pooling-of-interests method of accounting for business combinations. Accordingly, Century's financial statements have been restated to include the results of the pooled entities for all periods presented.

3. CONTINGENCIES

Century is involved in litigation, arising in the normal course of business. While it cannot be predicted with certainty, management believes that the outcome will not have a material adverse effect on Century's financial condition or results of operations.

4. COMPREHENSIVE INCOME

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income", requires reporting the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of the Balance Sheet. Items considered other comprehensive income are the adjustments made for unrealized holding gains and losses on available-for-sale securities (primarily held by the discontinued operations) and foreign currency translation adjustments. Comprehensive income for the three months ended June 30, 1999 and 1998 was \$11.4 million and \$9.3 million. Comprehensive income for the six months ended June 30, 1999 and 1998 was \$26.1 million and \$17.6 million.

5. EARNINGS PER SHARE

For the periods presented, Century presents both basic and diluted earnings per share. The following data shows the amounts (in thousands) used in computing earnings per share and the effect on the weighted average number of dilutive potential common shares. Included in potential dilutive common shares are contingent shares, which represent shares issued and placed in escrow that will not be released until certain performance goals have been met.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (Unaudited) - (continued)

5. EARNINGS PER SHARE (CONTINUED)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
	-----	-----	-----	-----
Denominator				
Basic				
Weighted average common shares	79,409	58,538	78,125	56,008
	-----	-----	-----	-----
Diluted				
Warrants	6,020	15,362	6,032	15,181
Options	225	120	238	123
Contingent shares	316	195	316	195
	=====	=====	=====	=====
Total	85,970	74,215	84,711	71,507
	=====	=====	=====	=====

6. DISCONTINUED OPERATIONS

In April 1999, Century adopted a formal plan to divest its risk-bearing specialty insurance segment, which is no longer part of Century's strategic long-term growth objectives. The risk-bearing specialty insurance segment, which includes Century Surety Company, Evergreen National Indemnity, and Continental Heritage Insurance Company, is reported as a discontinued operation and its net assets and results of operations are reported separately in the unaudited condensed consolidated financial statements. Revenues from the discontinued operations for the three-month periods ended June 30, 1999 and 1998 were \$13.1 million and \$13.4 million, respectively, and for the six-month periods ended June 30, 1999 and 1998 were \$24.7 million and \$26.0 million, respectively. The divestiture of the specialty insurance segment is not expected to result in a loss, and the sale is expected to be completed prior to December 31, 1999.

7. SUBSEQUENT EVENTS

Since June 30, 1999, Century completed the acquisition of five benefits administration and insurance firms, and one accounting, tax, valuation and advisory firm. The aggregate purchase price of these acquisitions was approximately \$14.0 million, comprised of \$6.1 million in cash and one million shares of restricted common stock, fair value of \$7.9 million. The aggregate purchase prices exclude future contingent consideration consisting of \$1.4 million in cash and 0.3 million shares of restricted common stock, fair value of \$2.6 million, which is based on the acquired companies' ability to meet or exceed certain performance goals. All of the aforementioned acquisitions will be accounted for under the purchase method of accounting.

8. SEGMENT REPORTING

Century adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in 1998. As previously reported, Century's business units have been aggregated into two reportable segments: specialty insurance and business services. The planned divestiture of the specialty insurance segment has reduced the number of segments to one, and therefore there is no segment information to report.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

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

Century Business Services, Inc. ("Century") is a diversified services company which, acting through its subsidiaries, provides professional outsourced business services to small and medium-sized companies, as well as individuals, government entities, and not-for-profit enterprises predominantly throughout the United States. Century provides integrated services in the following areas: accounting, tax, valuation, and advisory services; benefits services; insurance services and human resources; performance consulting services; and information technology and payroll services.

RESULTS OF OPERATIONS

Revenues

Business service fees and commissions increased to \$121.3 million for the three-month period ended June 30, 1999, from \$72.2 million for the comparable period in 1998, an increase of \$49.1 million, or 68.0%. The \$49.1 million increase was primarily attributable to (i) Century's acquisitions completed subsequent to the second quarter of 1998 that were accounted for under the purchase method of accounting, which increased total revenues in 1999 by \$38.8 million, and (ii) internal growth. For the companies with a full period of operations for the three-month periods ended June 30, 1999 and 1998, Century achieved an internal growth rate of 15.6%. For the six-month period ended June 30, 1999, revenues increased to \$249.3 million from \$141.9 million for the comparable period in 1998, an increase of \$107.4 million, or 75.7%. The \$107.4 million increase was primarily attributable to (i) Century's acquisitions completed subsequent to the second quarter of 1998 that were accounted for under the purchase method of accounting, which increased total revenues in 1999 by \$80.3 million, and (ii) internal growth. For the companies with a full period of operations in for the six-month periods ended June 30, 1999 and 1998, Century achieved an internal growth rate of 14.6%.

Expenses

Total expenses increased to \$100.5 million and \$204.7 million for the three and six-month periods ended June 30, 1999, from \$60.5 million and \$119.2 million for the comparable periods in 1998. Such increase was primarily attributable to the increase in operating expenses, which reflects the impact of Century's acquisitions made subsequent to the second quarter of 1998. As a percentage of revenue, total expenses decreased to 82.8% and 82.1% for the three and six-month periods ended June 30, 1999, from 83.7% and 84.0% for the three and six-month periods ended June 30, 1998.

Operating expenses increased to \$92.3 million and \$187.8 million for the three and six-month periods ended June 30, 1999, from \$56.7 million and \$111.8 million for the comparable periods in 1998, primarily due to acquisitions completed subsequent to the second quarter of 1998 that were accounted for under the purchase method of accounting. As a percentage revenue, operating expenses decreased to 76.1% and 75.3% for the three and six-month periods ended June 30, 1999, from 78.5% and 78.7% for the comparable periods. The primary components of operating expenses are compensation expense and occupancy expense. Compensation expense increased due to purchase acquisitions. Occupancy expense increased due to additional expense from purchase acquisitions, but remained consistent as a percentage of revenue from 4.5% and 4.3% for the three and six-month periods ended June 30, 1999, to 4.3% and 3.8% for the comparable periods in 1998.

Corporate general and administrative expenses increased to \$3.2 million and \$6.6 million for the three and six-month periods ended June 30, 1999, from \$1.1 million and \$2.6 million for the comparable periods in 1998. Such increase was attributable to the expansion of the corporate function to accommodate Century's infrastructure, corporate initiatives, and integration costs. Substantial costs associated with corporate initiatives were incurred in the second quarter of 1999, which included certain costs associated with the enterprise-wide solution to integrate back office operations. Corporate general and administrative expenses represented 2.6% of total revenues for the three and six-month periods ended June 30, 1999, up from 1.5% and 1.8% for the comparable periods in 1998.

For the three-month periods ended June 30, 1999 and 1998, merger and acquisitions costs remained consistent at \$0.7 million. For the six-month periods ended June 30, 1999 and 1998, merger and acquisition costs were \$1.9 million and \$0.7 million, respectively. Merger and acquisition costs are comprised primarily of professional fees incurred in transactions accounted for as pooling-of-interests and the salaries of employees dedicated to those merger activities. The increase in merger and acquisitions costs for the six-month period is due to the build out of the mergers and acquisitions department throughout 1998 resulting in the full utilization of the department in 1999.

Merger costs for the three-month period were consistent as the increase in internal costs in 1999 to fully develop the merger and acquisition department were offset by lower costs incurred from pooling-of-interests transactions in 1999. (There were two pooling transactions completed for the three-months ended June 30, 1999, compared to five pooling transactions completed in the comparable period in 1998.)

Depreciation and amortization expenses increased to \$4.2 million and \$8.4 million for the three and six-month periods ended June 30, 1999, from \$2.1 million and \$4.3 million for the comparable periods in 1998. The increase is primarily a result of the increase in goodwill amortization resulting from the acquisitions completed by Century subsequent to the second quarter of 1998, as well as additional depreciation expense associated with purchases. As a percentage of total revenues, depreciation and amortization expense was 3.4% for the three and six-month periods ended June 30, 1999, compared to 2.9% and 3.0% for the comparable periods in 1998.

Century recorded income taxes from continuing operations of \$8.2 million (\$8.2 million on a pro forma basis) and \$17.6 million (\$17.8 million on a pro forma basis) for the three and six-month periods ended June 30, 1999 compared to \$4.0 million (\$4.4 million on a pro forma basis) and \$7.8 million (\$8.7 million on a pro forma basis) for the comparable periods in 1998. The effective tax rate increased to 39.5% (39.5% on a pro forma basis) and 39.6% (39.8% on a pro forma basis) for the three and six-month periods ended June 30, 1999, from 33.9% (37.6% on a pro forma basis) and 34.3% (38.1% on a pro forma basis) for the comparable periods in 1998. Income taxes are provided based on Century's anticipated annual effective rate.

OTHER

Total assets increased to \$658.1 million at June 30, 1999, from \$553.2 million at December 31, 1998, primarily attributable to purchase acquisitions completed in the first half of 1999. Total assets increased \$104.9 million, primarily due to increases in cash and cash equivalents of \$13.4 million, accounts receivable of \$43.2 million, goodwill of \$32.1 million and fixed assets of \$11.9 million. Total liabilities increased approximately \$28.2 million, primarily due to the increase in bank debt of \$44.0 million, and an increase in accrued expenses and other liabilities of \$20.6 million, offset by the decrease in notes payable and capitalized leases of \$26.7 million, and the decrease in accounts payable of \$5.6 million. Total stockholders' equity increased \$75.2 million due to net income for the first half of 1999 of \$27.8 million, proceeds from the investment of \$25 million by an outside investor, the proceeds from the exercise of options and warrants, and business acquisitions.

LIQUIDITY AND CAPITAL RESOURCES

During the six month period ended June 30, 1999, cash and cash equivalents increased \$13.4 million to \$56.5 million, from \$43.1 million at December 31, 1998, as cash provided by continuing operating activities of \$3.2 million and financing activities of \$40.0 million exceeded cash used in investing activities of \$29.8 million. Cash and cash equivalents includes \$36.6 million of restricted cash at June 30, 1999. These funds are restricted as to Century's use, and consist primarily of monies held as fiduciary funds.

Cash used in investing activities from continuing operations consisted primarily of cash used in business acquisitions and purchases of property and equipment. Significant purchases of property and equipment in the first half of 1999 are primarily attributable to the purchase of software from Oracle and related capital costs incurred to implement the enterprise-wide solution to integrate back office operations.

During the six months ended June 30, 1999, cash provided by financing activities consisted primarily of proceeds of \$27.5 million from stock issuances and exercise of stock options and warrants, proceeds from the revolving credit facility of \$72.0 million, and repayment of bank debt, notes payable, and capital leases. The primary source of cash from stock issuances resulted from the \$25.0 million investment in Century by an outside investor, in exchange for 1.8 million restricted shares of common stock and 900,000 warrants. Fifty percent of the common stock is subject to a one-year lock-up restriction, while the remaining common stock is subject to a two-year lock-up restriction, and the warrants to purchase shares of common stock may be exercised under the following terms: 300,000 shares at \$20 per share for 3 years; 300,000 shares at \$25 per share for 4 years; and 300,000 shares at \$30 per share for 5 years. The proceeds from these financing activities were used for general corporate purposes, working capital requirements, repayment of debt, and the cash portion of business acquisitions.

During 1998, Century received net proceeds of \$47.7 million from a private placement of 3.8 million shares. Cash provided by financing activities consisted primarily of net proceeds received from this private placement, which together with warrants exercised, raised approximately \$56.5 million during the six months ended June 30, 1998.

The proceeds from stock issuances, together with the proceeds from the revolving credit facility of \$59.5 million, were used for repayment of debt and notes payable.

YEAR 2000

To minimize or eliminate the effect of the Y2K risk on our business systems and applications, we are continually identifying, evaluating, implementing and testing our computer systems, applications and software in order to achieve Y2K compliance. Century implemented a Y2K Compliance Project in March 1998 that has been adopted by all of our subsidiaries. As part of this initiative, we have identified key contact individuals within each subsidiary to identify, evaluate and implement a plan to bring all of our business systems and applications into Y2K compliance by June 30, 1999. We have achieved this goal with limited exceptions. These exceptions, such as telephone PBX replacements and less-critical internal reporting systems, are largely an effort to maintain an efficient schedule of deployment in conjunction with office consolidation strategies.

Century's Y2K Compliance Project consists of four phases: (i) inventory and assessment of all business systems and applications subject to Y2K risk; (ii) identification of such business systems and applications to determine the method of correcting any Y2K problems (ready now, repair, reconcile, replace or retire); (iii) remediation and testing of all business systems and applications that have Y2K problems; and (iv) implementation of corrective measures and certification of Y2K compliance through internal and external audits. We have completed the inventory and assessment phase and have identified and assessed seven areas of risk: a) internally developed business applications; b) third party vendor software, such as business applications, operating systems and special function software; c) computer hardware components; d) networks and network related equipment; e) telecommunications systems and associated equipment, such as phones and PBX switches; f) Century's own products and services that are software based; and g) embedded technology, such as microchips and security systems. Although we cannot be certain, we believe substantially that all our systems, applications and related software that are subject to Y2K compliance risk have been identified and that actions were or are currently being taken to complete the remediation on time. The initial implementation and verification phase has been completed. Our planned schedule of inter-dependency testing is on track to be completed in October. We also plan to continue strategic testing and audit reviews throughout 1999 to ensure against re-introducing potential exposures, to validate readiness of new acquisitions, and to remain current with industry best practices.

We have sought compliance verification for 100% of vendor supported technology inventoried, local public utilities and services, banking and financial institutions, telecommunications services, property management companies (where our facilities are leased), and other material third parties on whom or on whose systems we rely. Significant business customers and clients are presently being contacted for compliance status and to coordinate Y2K contingency strategies. We received a written or verbal response on approximately 75% of our requests from vendors, approximately 80% of which stated they are Y2K compliant, and 20% of which stated that they had a plan for compliance in place. None of the responses indicated that they had not yet addressed the Y2K issue. Vendors that had not responded or did not provide compliant upgrades or patches were removed from our configuration standards and replaced by compliant systems or other vendors. Some property management companies, however, have delayed in responding. In many cases, we have made four written requests for compliance. We intend to continue requesting Y2K compliance status responses from these property management companies.

We rely on third-party service providers for services such as telecommunications, internet service and components for our business systems and other key services. Interruption of those services due to Y2K issues could affect our operations. Thus, we have initiated an evaluation of the status of such third-party service providers' efforts to determine alternative and contingency requirements. Development of a template for contingency planning was completed and disseminated to the subsidiaries of Century in April 1999. The subsidiaries and the corporate office have begun to consolidate contingency plans and will continue to modify and enhance these plans as industry expertise and situational conditions warrant. Century's Y2K Contingency Plan supplements disaster recovery plans already in place. While approaches to reducing risks of interruption of business operations vary by subsidiary, options in Century's Y2K Contingency Plan include measures such as identification of alternative service providers, new channels of distribution, and backup manual procedures.

We are continuing to review the potential overall impact of Y2K risks on our business, financial condition and results of operations. To date, we have not encountered any material Y2K problems with our computer systems, networks, and other related equipment. We expect to incur \$3 to \$4 million in capital expenditures in 1999 with respect to system upgrades and/or replacements, which are designed in part to address specific Y2K requirements. One of the reasons that the number of Y2K remediation has increased is due to our continued growth through acquisitions. We do not expect expenditures after 1999 for Y2K compliance to be significant.

We cannot assure you that our systems or the systems of other companies on which our systems rely on or are interconnected will be timely installed or converted. Major efforts are in place to ensure that our own systems, the systems of our key partners and suppliers and our strategic customers are Y2K compliant, along with the

communication links between all of them. Although we are not certain of the impact on us of the failure of our significant customers, partners, or vendors to achieve Y2K compliance in a timely or effective manner, such failure could adversely affect our business and results of operations.

FORWARD-LOOKING STATEMENTS

Statements included in the Form 10-Q, which are not historical in nature, are forward-looking statements made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward looking statements are commonly identified by the use of such terms as "intends", "estimates", "expects", "projects", "anticipates", "foreseeable future," "seeks", "believes", and words and phrases of similar import. Such statements are subject to certain risks, uncertainties or assumptions. Should one or more of these risks or assumptions materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Although the Company believes that the assumptions upon which such forward-looking statements are based are reasonable, it can give no assurance that such assumptions will prove to be correct. Factors that could cause actual results to differ materially from the Century's expectations ("Cautionary Statements") include: (i) Century's ability to acquire and finance additional businesses; (ii) Century's ability to adequately manage growth; (iii) Century's dependence on the current trend of outsourcing business services; (iv) Century's dependence on the services of key employees; (v) Century's ability to realize the full value of goodwill; (vi) risk of professional errors and omissions; (vii) the nature of the competitive and fragmented outsourcing industry; (viii) year 2000 noncompliance may cause operational problems; (ix) market fluctuations in the values or returns on assets in Century's investment portfolios; (x) government regulations and interpretations are subject to changes; (xi) Century's principal shareholders have substantial control over its operations; (xii) shares eligible for future sale could adversely affect the price of Century's common stock; (xiii) Century may not pay dividends; and (xiv) Century's ability to manage risks associated with its discontinued specialty insurance business, such as risk of inadequate insurance premiums, underestimating reserves, and the risk that reinsurers may fail. All forward-looking statements in this Form 10-Q are expressly qualified by the Cautionary Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE INFORMATION ABOUT MARKET RISK

The Company's exposure to market risk, including interest rate risk, is immaterial. If market interest rates were to increase or decrease immediately and uniformly by 100 basis points from the levels at June 30, 1999, in each case the impact on the Company's financial condition and results of operations would be immaterial. The Company does not engage in trading market risk sensitive instruments and does not purchase hedging instruments or "other than trading" instruments that are likely to expose the Company to market risk, whether interest rate, foreign currency exchange, commodity price or equity price risk. The Company has not issued debt instruments, entered into forward or futures contracts, purchased options or entered into swaps. The Company's primary market risk exposure is that of interest rate risk. A change in the Federal Funds Rate, or the Reference Rate set by the Bank of America (San Francisco), would affect the rate at which the Company could borrow funds under its Credit Facility.

PART II - OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

(c) Issuance of unregistered shares during the three months ended June 30, 1999, were as follows:

All transactions listed below involve the issuance of shares of Common Stock by Century in reliance upon Section 4(2) of the Securities Act of 1933, as amended.

On June 22, 1999, in connection with the acquisition of Wolf & Cohen, Inc., Century issued 105,846 shares of Common Stock in exchange for all the outstanding shares of Wolf & Cohen, Inc.

On June 23, 1999, in connection with the acquisition of Sanderson, Thompson, Ratledge & Zimny, P.A., Century issued 95,000 shares of Common Stock in exchange for all the outstanding shares of Sanderson, Thompson, Ratledge & Zimny, P.A.

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

At the Company's Annual Meeting of Shareholders held on April 30, 1999, the following matters were submitted to a vote of stockholders:

- 1) The election of the following individuals to the Board of Directors to serve until the 2002 Annual Meeting of Shareholders.

	Shares For -----	Shares Withheld -----
Richard C. Rochon	47,084,220	187,426
Joseph D. DiMartino	47,133,471	138,175

- 2) The approval of the appointment of KPMG LLP as independent accountants for fiscal year 1999.

Shares For -----	Shares Against -----	Shares Abstained -----
47,048,231	184,089	39,326

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- 27.1 Financial Data Schedule
99.6 Employment Agreement
99.7 Amended and Restated 1996 Employee Stock Option Plan

(b) Reports on Form 8-K

The following Current Reports on Form 8-K were filed during the three months ended June 30, 1999:

- (i) On April 9, 1999, the Company filed a Current Report on Form 8-K, announcing its intention to explore strategic alternatives for the divestiture of its specialty insurance segment.
- (ii) On April 22, 1999, the Company filed a Current Report on Form 8-K, announcing the appointment of Fred M. Winkler, former Chief Executive Officer of First Union Corporation's Customer Direct Access Division, to President and Chief Operating Officer.
- (iii) On June 22, 1999, the Company filed a Current Report on Form 8-K, announcing the agreement to a term sheet with Banc of America Securities, LLC to arrange an increase in its revolving credit facility from \$100 million to \$200 million, with an option for an additional \$50 million. The Company also announced that it filed an S-4 registration statement with the Securities and Exchange Commission for 15 million new shares of its common stock for suitable acquisitions.

SIGNATURE

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

Century Business Services, Inc.

(Registrant)

Date: August 13, 1999

By: /s/ Charles D. Hamm, Jr.

Charles D. Hamm, Jr.
Chief Financial Officer

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

EXHIBIT INDEX

Exhibit Number:

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6-MOS

DEC-31-1999		
JAN-01-1999		
JUN-30-1999		
	56,484	
	397	
	160,654	
	8,534	
	0	
279,460		56,751
	16,411	
	658,109	
69,820		0
0		0
	0	803
	468,278	
658,109		0
	249,292	0
	187,825	
	16,865	
	0	
	19	
	44,583	
	17,633	
26,950		
	870	
	0	0
	27,820	
	.36	
	.33	

EXHIBIT 99.6

EMPLOYMENT AGREEMENT

This agreement (this "AGREEMENT") is made effective as of April 12, 1999, between Century Business Services, Inc., a Delaware corporation (the "COMPANY"), and Fred M. Winkler ("EXECUTIVE").

PRELIMINARY STATEMENT

The Company and Executive desire to enter into certain agreements providing for Executive's employment with the Company and that Executive serve in an executive capacity with the Company on the terms hereinafter set forth.

STATEMENT OF AGREEMENT

NOW THEREFORE, in consideration of the premises and mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. EMPLOYMENT. The Company agrees to employ Executive as described below, and Executive accepts such employment for the period beginning as of the date hereof and ending upon termination pursuant to PARAGRAPHS 1(d) OR 1(e) hereof (the "EMPLOYMENT PERIOD").

(a) SERVICES. During the Employment Period, Executive will render such services of an executive and administrative character to the Company and its affiliates as the Board of Directors of the Company (the "BOARD") may from time to time direct and will have the title and status of President and Chief Operating Officer. Executive will also be elected to the Board of the Company and be renominated for election as appropriate during the Employment Period. Executive will devote his best efforts and substantially all of his business time and attention (except for vacation periods and reasonable periods of illness or other incapacity) to the business of the Company and its affiliates and will faithfully and diligently carry out such duties and have such responsibilities as are customary among persons employed in substantially similar capacities for similar companies. Executive will report to the Chief Executive Officer and shall faithfully and diligently comply with all of his reasonable and lawful directives. For purposes of this Agreement, the term "affiliates" means any corporation, limited partnership, limited liability company or other entity engaged in the same business as the Company or a related business, which is controlled by or under common control with the Company. Executive's primary location for the performance of the services assigned to him shall be the Company's corporate headquarters located in Cleveland, Ohio.

(b) SALARY. Executive's compensation shall be determined and payable as follows:

(i) During the Employment Period and thereafter as provided in paragraph 1(d) hereof, the Company will pay Executive a base salary at the rate of not less than \$340,000 per annum, as adjusted pursuant to subparagraph (ii) below (or such higher amount as the Board may establish from time to time). Executive's base salary for any partial year will be prorated based upon the number of days elapsed in

such year and will be payable in accordance with the Company's customary payroll practices.

(ii) (A) commencing January 1, 2000, and on January 1 of each subsequent year as long as Executive remains an employee of the Company (each such January 1 being herein referred to as an "ADJUSTMENT DATE"), the base salary of Executive shall be adjusted to reflect increases in the Consumer Price Index for all urban consumers in the regional area including the Cleveland-Akron-Lorain, Ohio region (1982-84 = 100), published by the Bureau of Labor Statistics, United States Department of Labor (the "INDEX"). On each Adjustment Date, his base salary shall be increased by multiplying his base salary for the fiscal year preceding the Adjustment Date (computed on an annualized basis), by a fraction, the numerator of which shall be the Index most recently published prior to the Adjustment Date then at hand and the denominator of which shall be the Index of the immediately preceding Adjustment Date (or in the case of the First Adjustment Date occurring hereunder, the denominator shall be the most recently published Index as of the last day of the month immediately preceding the effective date hereof (the "BASE INDEX"). The result of such multiplications shall constitute Executive's base salary, as adjusted, commencing on the Adjustment Date then at hand and continuing until the next Adjustment Date.

(B) If (1) the Index ceases using the 1982-84 average of 100 as the basis of calculation, (2) a significant change is made in the number or nature (or both) of items used in determining the Index, (3) the parties agree that the Index does not accurately reflect, in relationship to the Base Index, the purchasing power of the dollar, or (4) the Index is discontinued for any reason, then the Company, in its discretion, shall adopt a substitute Index or procedure which reasonably reflects and monitors the salaries of urban consumers in the region that includes Cleveland, Ohio.

(c) BENEFITS. In addition to the compensation described above in this PARAGRAPH 1, Executive will be entitled during the Employment Period to the following benefits:

(i) such health insurance and other benefits as are available from time to time to the Company's key executive employees generally;

(ii) vacation, sick leave and personal time in accordance with the Company's vacation and absence policies as in effect from time to time for the Company's Key executive employees, provided that Executive shall have no less than three (3) weeks vacation each year, with salary;

(iii) reimbursement, upon submission of documentation in accordance with the Company's regular expense policies, for reasonable business expenses incurred on the Company's behalf by Executive;

EXHIBIT 99.6

(iv) participation in any savings plan or 401(k) plan as is available from time to time to the Company's salaried employees generally;

(v) participation in the Company's 1996 Employee Stock Option Plan, as amended, with eligibility for annual grants of options beginning January 1, 2000, with terms and amounts determined by the Compensation Committee of the Board consistent with those granted to the Company's other key executive employees; and

(vi) such additional benefits as are set forth on EXHIBIT A attached hereto.

(d) TERMINATION. Executive's employment with the Company will continue until terminated by Executive's death, disability, which cannot be reasonably accommodated, or termination of Executive's employment pursuant to any of the following provisions:

(i) TERMINATION BY THE COMPANY WITHOUT CAUSE. The Company may at any time terminate Executive's employment without Cause (as defined below) by giving Executive notice of the effective date of termination (which effective date may be the date of such notice). In the event of such termination, each of the following shall occur: (A) the Company shall make payments of base salary in accordance with PARAGRAPH 1(b) above at the rate in effect at the effective date of such termination for a period of twenty-four (24) months following the effective date of such termination; (B) the Company shall make available to Executive its medical plan, at a cost to the Executive equal to the Company's cost to obtain such medical plan, until the earlier of Executive's death or attainment of age 65; and (C) vesting with regard to the stock options granted pursuant to PARAGRAPH 1(c)(v) and described in EXHIBIT A shall be accelerated such that for purposes of determining the number of options exercisable as of the termination date, two additional years shall be considered to have passed ((A), (B) and (C) collectively referred to herein as the "SEVERANCE PACKAGE"); PROVIDED, HOWEVER that in the event that Executive breaches any of the representations, warranties and covenants set forth in PARAGRAPHS 2, 3 and 5 below, the Company will have no further obligation to make payments of the base salary or provide medical coverage at cost as described above, and may pursue all other available remedies.

For purposes of this PARAGRAPH 1 (d)(i), Executive shall be deemed to have been terminated without Cause upon the occurrence of all of the following conditions:

(x) Michael G. DeGroot is no longer the Chief Executive Officer of the Company, whether through resignation or removal;

(y) Michael G. DeGroot no longer beneficially owns (as defined for purposes of Rules 13(d) and 13(g) of the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT")) 10% or more of the voting stock of the Company; and

EXHIBIT 99.6

(z) any person or entity beneficially owns (as defined for purposes of Rules 13(d) and 13(g) of the Exchange Act) 10% or more of the voting stock of the Company.

(ii) TERMINATION BY THE COMPANY FOR CAUSE. The Company shall have the right to terminate Executive's employment at any time for any of the following reasons (each of which is referred to herein as "CAUSE") by giving Executive written notice of the effective date of termination (which effective date may be the date of such notice):

(A) the willful breach of any provision of paragraphs 1(a), 2, 3, 4 or 5 (including but not limited to a refusal to follow reasonable and lawful directives of the Board); provided, however, that to the extent that such breach is curable, the Board will give Executive written notice of such breach and Executive will have 15 days from the receipt of such notice to cure such breach;

(B) any act of fraud or dishonesty with respect to any aspect of the Company's or any affiliate's business;

(C) continued use of illegal drugs;

(D) as a result of Executive's gross negligence or willful misconduct, Executive shall violate, or cause the Company to violate, any applicable federal or state securities or banking law or regulation and as a result of such violation, shall become, or shall cause the Company or any affiliate to become the subject of any legal action or administrative proceeding seeking an injunction from further violations or a suspension of any right or privilege;

(E) as a result of Executive's gross negligence or willful misconduct, Executive shall commit any act that causes, or shall knowingly fail to take reasonable and appropriate action to prevent, any material injury to the financial condition or business reputation of the Company or any affiliate;

(F) substantial failure of performance, repeated or continued after written notice of such failure and explanation of such failure of performance, which is reasonably determined by the Board to be materially injurious to the business or interests of the Company or any affiliate; or

(G) conviction of a felony or of a crime involving moral turpitude.

If the Company terminates Executive's employment for any of the reasons set forth above in this paragraph 1 (d)(ii), the Company shall have no further obligations hereunder from and after the effective date of termination and shall have all other rights and remedies available under this or any other agreement and at law or in equity.

EXHIBIT 99.6

(e) VOLUNTARY TERMINATION BY EXECUTIVE. In the event that Executive's employment with the Company is terminated by Executive, the Company shall have no further obligations hereunder from and after the date of such termination. Notwithstanding the foregoing, if Executive terminates his employment for Good Reason, such termination shall be deemed to be a termination without Cause. For purposes of this Agreement, the term "Good Reason" shall mean: within sixty (60) days of and in connection with or based upon (A) a material breach by the Company of any material provision of this Agreement, (B) a material decrease in Executive's base salary, (C) a material decrease in Executive's employee benefits which is materially different from such decreases which are applicable to senior management personnel taken as a whole, (D) an overall substantial and material reduction in the nature or scope of Executive's duties and responsibilities, (E) the permanent non-voluntary relocation of Executive's work place for the Company to a location more than 50 miles from Executive's current principal place of performance of services for the Company, or (F) the assignment to Executive of duties and responsibilities that are materially inconsistent with the position referred to in PARAGRAPH 1 (a); provided, however, that, prior to Executive's termination of employment for Good Reason, Executive must give written notice to the Company of any such breach, reduction or assignment and such breach, reduction or assignment remains uncorrected for thirty (30) days following such written notice.

2. NONDISCLOSURE. Executive acknowledges that during the course of his performance of services for the Company he will acquire technical knowledge with respect to the Company's business operations, including, by way of illustration, the Company's investment plans or strategies, trade secrets, customer lists, customer or consultant contracts and the details thereof, pricing policies, operational methods, marketing and merchandising plans or strategies, business acquisition plans, personnel acquisition plans, and all other information pertaining to the business of the Company or any affiliate that is not publicly available (all of such information herein referred to as the "CONFIDENTIAL INFORMATION"); provided, however that the term "CONFIDENTIAL INFORMATION" shall not include (a) any information which is or becomes publicly available otherwise than through breach of this Agreement or (b) any information which is or becomes known or available to Executive on a non-confidential basis and not in contravention of applicable law from a source which is entitled to disclose such information to Executive. Executive agrees that he will not, while he is employed by the Company, divulge to any person, directly or indirectly, except to the Company or its officers and agents or as reasonably required in connection with his duties on behalf of the Company, or use, except on behalf of the Company, any Confidential Information acquired by Executive during the term of his employment. Executive agrees that he will not, at any time after his employment with the Company has ended, divulge to any person directly or indirectly any Confidential Information nor use the Confidential Information in any way detrimental to the Company. Executive further agrees that if his relationship with the Company is terminated (for whatever reason) he shall not take with him but will leave with the Company all records, papers and computer software and data and any copies thereof relating to the Confidential Information (or if such papers, records, computer software and data or copies are not on the premises of the Company, Executive agrees to return such papers, records and computer software and data immediately upon his termination). Executive acknowledges that all such papers, records, computer software and data or copies thereof are and remain the property of the Company.

EXHIBIT 99.6

3. INVENTIONS AND PATENTS. Executive agrees that all inventions, innovations or improvements relating to the Company's business or method of conducting business (including new contributions, improvements, ideas and discoveries, whether patentable or not) conceived or made by him during his employment with the Company belong to the Company. Executive will promptly disclose such inventions, innovations or improvements to the Board and perform all actions reasonably requested by the Board to establish and confirm such ownership.

4. OTHER BUSINESSES. During the Employment Period, Executive agrees that he will not, directly or indirectly except with the express written consent of the Board, become engaged in, render services for, or permit his name to be used in connection with, or directly or indirectly counsel or consult with, any business other than the business of the Company and its affiliates; provided that Executive may (a) serve as trustee or on the board of directors, or in other similar capacities, for charitable organizations or trusts in which Executive has no pecuniary interest, and (b) engage in activities related to Executive's personal passive investments, in all such cases so long as such activities do not materially impact Executive's ability to perform his obligations and duties under this Agreement or result in a breach of PARAGRAPHS 2 or 5.

5. NONCOMPETITION. Executive agrees that:

(a) During the term he performs services for the Company and for a period of two (2) years after the termination thereof (for whatever reason), he will not interfere with the relationship of the Company and any employee, agent or representative.

(b) During the term he performs services for the Company and for a period of two (2) years after the termination thereof (for whatever reason), he will not directly or indirectly interfere with the relationships of the Company with customers, dealers, distributors, vendors or sources of supply.

(c) A. (i) Executive further agrees that during the term he performs services for the Company and, if Executive terminates this Agreement pursuant to paragraph 1(e), for a period of two (2) years after the termination thereof, he will not directly or indirectly own, manage, operate, control, be employed by, participate in, or be connected in any manner with the ownership, management, operation or control of, any business or enterprise which provides outsourced business services to small and medium sized businesses, including but not limited to services in the following areas: accounting Systems, advisory and tax; employee benefits design and administration; human resources; information technology systems; payroll; specialty insurance; valuation; and workers' compensation (the "BUSINESS") within the United States/a thirty-mile radius of the city limits of the cities in which the Company or any affiliate of the Company conducts the Business, or for which the Company had, prior to the termination of Executive's employment, developed a written business plan to conduct the Business.

(ii) If the Company actively engages in any other business (in addition to or in lieu of the Business), Executive further agrees that during the term he performs services for the Company and, if Executive terminates this Agreement pursuant to PARAGRAPH 1(e), for a period of two (2) years after the termination thereof, he will not directly or indirectly own, manage, operate, control, be employed by, participate in, or be connected in any manner with the ownership,

EXHIBIT 99.6

management, operation or control of, any business or enterprise which competes with such other business within the United States/a thirty-mile radius of the city limits of the cities in which the Company or any affiliate of the Company conducts the Business, or for which the Company had, prior to the termination of Executive's employment, developed a written business plan to conduct the Business.

B. (i) Executive further agrees that, in the event Executive's employment is terminated other than pursuant to PARAGRAPH 1(e), for a period of two (2) years after the termination of his employment he will not directly or indirectly own, manage, operate, control, be employed by, participate in, or be connected in any manner with the ownership, management, operation or control of, any business or enterprise which is in the Business within the United States/a thirty-mile radius of the city limits of the cities in which the company or any affiliate of the Company conducts the Business, or for which the Company had, prior to the termination of Executive's employment, developed a written business plan to conduct the Business, unless Executive first provides (x) written notice to the Company of his intent to do so and (y) an opportunity for the Company to either continue paying Executive base salary in accordance with PARAGRAPH 1(b) at the rate in effect at the effective time of his termination for the remainder of such two (2) year period or to waive the Company's rights pursuant to this PARAGRAPH 5(c). The Company shall have seven (7) business days following receipt of such notice to make such election.

(ii) If the Company actively engages in any other business (in addition to or in lieu of the Business), Executive further agrees that, in the event Executive's employment is terminated other than pursuant to PARAGRAPH 1(e), for a period of two (2) years after the termination thereof, he will not directly or indirectly own, manage, operate, control, be employed by, participate in, or be connected in any manner with the ownership, management, operation or control of, any business or enterprise which competes with such other business within the United States/a thirty-mile radius of the city limits of the cities in which the Company or any affiliate of the Company conducts the Business, or for which the Company had, prior to the termination of Executive's employment, developed a written business plan to conduct the Business, unless Executive first provides (x) written notice to the Company of his intent to do so and (y) an opportunity for the Company to either continue paying Executive base salary in accordance with PARAGRAPH 1(b) at the rate in effect at the effective time of his termination for the remainder of such two (2) year period or to waive the Company's rights pursuant to this PARAGRAPH 5(c). The Company shall have seven (7) business days following receipt of such notice to make such election.

C. For purposes of this PARAGRAPH 5(c), the reference to business or enterprise in lines 5 of PARAGRAPH (c)(A)(i), and line 6 of PARAGRAPH (c)(A)(ii), line 5 of PARAGRAPH (c)(B)(i) and line 6 of PARAGRAPH (c)(B)(ii) shall mean the specific business unit in which Executive is employed or otherwise affiliated.

(d) After discussing the matter with Executive, the Company shall have the right, subject to applicable law, to inform any other third party that the Company reasonably believes to be, or to be contemplating, participating with Executive or receiving from Executive assistance in violation of this Agreement, of the terms of this Agreement and of the rights of the Company hereunder, and that participation by any such third party with Executive in activities in violation of this PARAGRAPH 5 may give rise to claims by the Company against such third party.

EXHIBIT 99.6

6. TERMINATION OF AGREEMENT. This Agreement shall terminate on the fifth anniversary of the date hereof, unless extended by mutual consent.

7. GENERAL PROVISIONS.

(a) NOTICES. Any notice provided for in this Agreement must be in writing and must be either personally delivered, or mailed by first class mail (postage prepaid and return receipt requested) or sent by reputable overnight courier service, to the recipient at the address below indicated:

To the Company:

Century Business Services, Inc.
6480 Rockside Woods Boulevard South, Suite 330
Cleveland, Ohio 44131
Telephone: 216-447-9000
Attn: Michael G. DeGroot
Barbara A. Rutigliano, Esq.
Telecopy: (216)447-9007

To Executive:

At Executive's last known
address as listed with
the Company

or such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party. Any notice under this Agreement will be deemed to have been given when so delivered or sent or if mailed, five days after so mailed.

(b) SEVERABILITY. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision in any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein except that any court having jurisdiction shall have the power to reduce the duration, area or scope of such invalid, illegal or unenforceable provision and, in its reduced form, it shall be enforceable.

(c) COMPLETE AGREEMENT. This Agreement embodies the complete agreement and understanding between the parties and supersedes and preempts any prior understandings, agreements or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way. Any employment, benefit or bonus arrangements or agreements between the Company and Executive that existed at any time prior to the execution and

EXHIBIT 99.6

delivery of this Agreement are hereby terminated by Executive; provided, however, that Executive shall remain liable for any breach of such arrangements or agreements occurring during the term of such arrangement or agreement. From and after the date of this Agreement, Executive shall not be entitled to any compensation from the Company on account of any such arrangement or agreement.

(d) SUCCESSORS AND ASSIGNS. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive, his heirs and the Company, except that Executive may not assign (other than by operation of law, will, or the laws of descent) any of his rights or obligations under this Agreement. The Company may assign its rights under this Agreement, as security, to any lender to the Company, and in the event of a sale of the stock, or substantially all of the stock, of the Company, or consolidation or merger of the Company into another corporation or entity, or the sale of substantially all of the operating assets of the Company to another corporation, entity or individual, the Company may assign its rights and obligations under this Agreement to its successor-in-interest, in which event such successor-in-interest shall be deemed to have acquired all rights and assumed all obligations of the Company hereunder.

(e) CHOICE OF LAW. ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY AND INTERPRETATION OF THIS AGREEMENT WILL BE GOVERNED BY THE INTERNAL LAW, AND THE NOT THE LAW OF CONFLICTS, OF THE STATE OF OHIO.

(f) REMEDIES. Each of the parties to this Agreement will be entitled to enforce his or its rights under this Agreement specifically, to recover damages (including, without limitation, reasonable fees and expenses of counsel) by reason of any breach of any provision of this Agreement and to exercise all other rights existing in his or its favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach or threatened breach of the provisions of this Agreement and that any party may in his or its sole discretion apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief in order to enforce or prevent any violations of the provisions of this Agreement. Such injunction or decree shall be available without the posting of any bond or other security.

(g) AMENDMENTS AND WAIVERS. Any provision of this Agreement may be amended or waived only with the prior written consent of (i) Executive and (ii) the Chief Executive Officer of the Company or a majority of the Board.

(h) ABSENCE OF CONFLICTING AGREEMENTS. Executive hereby warrants and covenants that his employment by the Company does not result in a breach of the terms, conditions or provisions of any agreement to which Executive is subject.

(i) SURVIVAL. No termination of Executive's employment by either or both parties shall reduce or terminate Executive's covenants and agreements in paragraphs 2, 3 and 5.

[SIGNATURE PAGE FOLLOWS]

EXHIBIT 99.6

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered effective as of the day and year first above written.

CENTURY BUSINESS SERVICES, INC.

By: /s/ Michael G. DeGroote

Michael G. DeGroote
Chief Executive Officer and
Chairman of the Board

EXECUTIVE

/s/ Fred Winkler

Name: Fred Winkler
Title: President & Chief Operating Officer
Address: 822 Summer Bay Dr.
St. Augustine, FL 32084

EXHIBIT 99.6

EXHIBIT A

ADDITIONAL BENEFITS

1. The Company will provide a vehicle for use by Executive.
2. The Company will pay membership expenses for Executive and Executive's spouse at a country club or fitness club to be agreed upon by the parties.
3. Upon the effective date of this Agreement, Executive shall be granted options to purchase 200,000 shares of the Company's common stock at a price of \$11.875 per share (the closing sale price on April 14, 1999). Such options shall be issued pursuant to the Company's 1996 Employee Stock Option Plan, as amended, and an Option Agreement to be entered into between the Company and Executive pursuant thereto. Such options shall vest according to the following schedule:
 - Options to purchase 50,000 shares of the Company's common stock shall not be subject to vesting and shall be immediately exercisable upon grant; and
 - Options to purchase 30,000 shares of the Company's common stock shall vest on January 1 of each of 2000, 2001, 2002, 2003 and 2004.

CENTURY BUSINESS SERVICES, INC.

AMENDED AND RESTATED
1996 EMPLOYEE STOCK OPTION PLAN

1. STATEMENT OF PURPOSE. This 1996 Employee Stock Option Plan (the "Plan") is to benefit Century Business Services, Inc. fka International Alliance Services, Inc., a Delaware corporation and its subsidiaries (collectively, the "Company"), through the maintenance and development of their respective businesses by offering certain present and future key employees and officers, non-employee directors and independent contractors providing services to the Company, a favorable opportunity to become holders of stock in the Company over a period of years, thereby giving them a permanent stake in the growth and prosperity of the Company and encouraging the continuance of their involvement with the Company.

2. ELIGIBILITY. Options shall be granted only to key employees, including officers and independent contractors or consultants and non-employee directors performing services for the Company (the "Employees") selected from time to time by the Committee (or, in the case of awards to non-employee directors, the Board of Directors (the "Board")) on the basis of their importance to the business of the Company (collectively, the "Participants" or "Optionees").

3. ADMINISTRATION. The Plan shall be administered by a committee (the "Committee"), consisting of two or more persons appointed by the Board who are both outside directors (as defined under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code")) and non-employee directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934 (the "1934 Act"). The Committee's interpretation of the terms and provisions of the Plan shall be final and conclusive. The selection of Employees, for participation in the Plan and all decisions concerning the terms, timing, pricing and amount of any grant or award to Employees under the Plan shall be made solely by the Committee. The selection, terms, timing, pricing and amount of any grant or award to non-employee directors, including members of the Committee, shall be made solely by the Board.

4. GRANTING OF OPTIONS. Options under which a total of not in excess of 7,000,000 shares of the \$.01 par value common stock of the Company ("Common Stock") may be purchased from the Company, subject to adjustment as provided in Section 10. In the event that an option expires or is terminated, canceled or unexercised as to any shares, such released shares may again be optioned (including a grant in substitution for a canceled option). Shares subject to options may be made available from unissued or reacquired shares of Common Stock. Nothing contained in the Plan or in any option granted pursuant thereto shall confer upon any Optionee any right to be

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continued in the employment of the Company or as a director or consultant to the Company, or interfere in any way with the right of the Company to terminate his employment or consulting relationship at any time.

5. **OPTION PRICE.** The option price shall be determined by the Committee (or, in the case of awards to non-employee directors, the Board) at the time the option is granted and, subject to the provisions of Section 10 hereof, shall be not less than the fair market value at the time the option is granted of the shares of Common Stock subject to the Option. The date of grant shall be the date of the Committee or Board action, unless a subsequent date is specified by the Committee.

6. **DURATION OF OPTIONS, INCREMENTS AND EXTENSIONS.** Subject to the provisions of Section 8 hereof, each option shall be for such term of not more than six years, as shall be determined by the Committee (or, in the case of awards to non-employee directors, the Board) at the time the option is granted, which termination date shall be set forth in the Option Agreement. Each option shall vest and become exercisable with respect to 20% of the total number of shares subject to the option on the first anniversary of its grant and with respect to each additional 20% at the end of each of the succeeding four such anniversary dates. Notwithstanding the foregoing, the Committee (or, in the case of awards to non-employee directors, the Board) may in its discretion: (i) specifically provide for another time or times of exercise at the time the option is granted; (ii) accelerate the exercisability of any option subject to such terms and conditions as the Committee (or, in the case of awards to non-employee directors, the Board) deems necessary and appropriate; or (iii) at any time prior to the expiration or termination of any option previously granted, extend the term of any option (including such options held by officers) for such additional period as the Committee (or, in the case of awards to non-employee directors, the Board) in its discretion shall determine. In no event, however, shall the aggregate option period with respect to any option, including the original term of the option and any extensions thereof, exceed six years. Subject to the foregoing, all or any part of the shares to which the right to purchase has vested may be purchased at the time of such vesting or at any time or times thereafter during the option period. Without limiting the foregoing, the Committee (or, in the case of awards to non-employee directors, the Board), subject to the terms and conditions of the Plan, may in its sole discretion, provide that an option may be exercised immediately upon grant or that it may not be exercised in whole or in part for any period or periods of time during which such option is outstanding; provided, however, that any vesting requirement or other such limitation on the exercise of an option may be rescinded, modified or waived by the Committee (or, in the case of awards to non-employee directors, the Board), in its sole discretion, at any time and from time to time after the date of grant of such option, so as to accelerate the time at which the option may be exercised.

7. **EXERCISE OF OPTION.** As a condition to the exercise of any option, the "Quoted Price" (as defined below) per share of Common Stock on the date of exercise must be equal to or exceed the option price referred to in Section 5 hereof. An option may be exercised by giving written notice to the Company, attention of the Secretary, in the form of an Exercise Notice, specifying the number

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of shares to be purchased, accompanied by the full purchase price for the shares to be purchased either: (i) in cash; (ii) by check; (iii) if so approved by the Committee, by a promissory note in a form specified by the Company and payable to the Company no later than fifteen business days after the date of exercise of the option; (iv) if so approved by the Committee, by shares of the Common Stock of the Company; or (v) by a combination of these methods of payment. The "Quoted Price" and the per share value of Common Stock for purposes of paying the option price in accordance with the immediately preceding sentence shall equal the closing selling price per share of Common Stock on the date in question on the Nasdaq Stock Market or the principal stock exchange upon which the Company's Common Stock is listed (the "Exchange"). The right to pay the purchase price of shares by delivery of a promissory note shall not be available to any Optionee who is a person described in Section 16(a) of the 1934 Act.

At the time of the exercise of any option, the Company may, if it shall determine it necessary or desirable for any reason, require the Optionee (or his heirs, legatees, or legal representatives, as the case may be) as a condition upon the exercise thereof, to deliver to the Company a written representation of present intention to purchase the shares for investment and not for distribution. In the event such representation is required to be delivered, an appropriate legend may be placed upon each certificate delivered to the Optionee upon his exercise of part or all of the option and a stop transfer order may be placed with the transfer agent. Each option shall also be subject to the requirement that, if at any time the Company determines, in its discretion, that the listing, registration or qualification of the shares subject to the option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of or in connection with, the issue or purchase of shares thereunder, the option may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company.

At the time of the exercise of any option the Committee may require, as a condition of the exercise of such option, the Optionee to: (i) pay the Company an amount equal to the amount of tax the Company may be required to withhold for federal income tax purposes as a result of the exercise of such option by the Optionee; (ii) make such other arrangements with the Company which would enable the Company to pay such withholding tax, including, without limitation, holding back a number of shares issuable upon exercise of the option equal to the amount of such withholding tax, or permitting the Optionee to deliver a promissory note in a form specified by the Committee or withhold taxes from other compensation payable to the Optionee by the Company; or (iii) a combination of the foregoing.

8. TERMINATION OF RELATIONSHIP-EXERCISE THEREAFTER. Except as otherwise specifically provided in any Option Agreement evidencing an option granted hereunder (or an amendment thereto), in the event the relationship between the Company and an Optionee is

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terminated for any reason other than death, permanent disability, voluntary termination or willful misconduct, gross negligence or other termination for cause, such Optionee's unvested options shall immediately terminate and the Optionee's vested options shall thereafter expire and all rights to purchase shares pursuant thereto shall terminate three (3) months following the date of termination of the relationship, but in no event after the expiration date of the option. Temporary absence from employment or as a consultant because of illness, vacation, approved leaves of absence, and transfers of employment among the Company and its subsidiaries, shall not be considered to terminate employment or consulting relationship or to interrupt continuous employment or consulting relationship. Notwithstanding the foregoing provisions of this Section 8, the Committee, in its sole discretion, may provide that following the termination of employment or service of an Optionee with the Company absent cause (such as in the case of a sale or transfer of a unit or division of the Company or the spin-off of a corporation of the Company), such Optionee may exercise an option, in whole or in part, at any time subsequent to such termination of employment or service and prior to expiration of the option pursuant to its original terms (as specified in the Option Agreement setting forth the terms of such option grant) either subject to or without regard to any vesting or other limitations on exercise. The Committee shall be specifically empowered to extend the term of an option (but not beyond six years from the date of grant thereof) and modify the vesting provisions of the option in the event the corporation or unit or division for whom the Optionee provides services is sold or otherwise transferred such that it is no longer a part of the Company.

In the event of termination of said relationship because of death or permanent disability (as that term is defined in Section 22(e)(3) of the Code, as now in effect or as subsequently amended), the option may be exercised in full, without regard to any installments established under Section 6 hereof, by the Optionee or, if he is not living, by his heirs, legatees or legal representative (as the case may be) during its specified term prior to three years after the date of death, permanent disability or retirement, or such longer period as the Committee may prescribe, but in no event after the expiration date of the option.

If the employment or rendering of services to the Company, of a Participant to whom an option shall have been granted under this Plan terminates: (i) for any reason prior to the vesting of such option; (ii) as a result of such person's willful misconduct, gross negligence, or any other termination for cause; or (iii) as a result of the voluntary termination of employment or service by the Participant, then anything to the contrary herein notwithstanding, all such unvested options or portions of options held by such Participant shall terminate on the date notice is given either to or from the Company of termination of employment by or service to the Company; provided, however, that in the event of a termination under clause (iii) above, the Committee may, but shall not be required to, allow the Participant to exercise the Option (to the extent exercisable on the date of termination) at any time within three (3) months after the date of termination (but not beyond the original term of the Option). All factual determinations with respect to the termination of a

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Participant's employment by, or rendering of services to, the Company that may be relevant under this Section 8 shall be made by the Committee in its sole discretion.

9. NON-TRANSFERABILITY OF OPTIONS. During the lifetime of the Optionee, options shall be exercisable only by the Optionee, and options shall not be assignable or transferable by the Optionee otherwise than by will or by the laws of descent and distribution, or pursuant to a qualified domestic relations order as defined by the Code, or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder.

10. ADJUSTMENT. The number of shares available under the Plan and available for grant to any Employee shall be adjusted as follows: (a) in the event that the number of outstanding shares of Common Stock of the Company is changed by any stock dividend, stock split or combination of shares, the number of shares subject to the Plan and to options granted hereunder shall be proportionately adjusted; (b) in the event of any merger, consolidation or reorganization of the Company with any other corporation or corporations, there may be substituted, on an equitable basis as determined by the Committee in its sole discretion, for each share of Common Stock then subject to the Plan, whether or not at the time subject to outstanding options, the number and kind of shares of stock or other securities to which the holders of shares of Common Stock of the Company will be entitled pursuant to the transaction, if any; and (c) in the event of any other relevant change in the capitalization of the Company, the Committee may provide for such adjustment in the number of shares of Common Stock then subject to the Plan as the Committee shall in its sole discretion determine, whether or not then subject to outstanding options. In the event of any such adjustment, the purchase price per share shall be proportionately adjusted.

11. NO IMPAIRMENT OF RIGHTS. Nothing contained in the Plan or any option granted pursuant to the Plan shall confer upon any Optionee any right to be continued in the employment of the Company or to be continued as a director or consultant to the Company or interfere in any way with the right of the Company to terminate such employment or consulting relationship and/or to remove any Optionee who is a director from service on the Board at any time in accordance with the provisions of applicable law.

12. AMENDMENT OF PLAN. The Board may amend or discontinue the Plan at any time. However, no such amendments or discontinuance shall be made without the requisite stockholder approval of the stockholders of the Company if stockholder approval is required as a condition to the Plan continuing to comply with the provisions of Rule 16b-3 or Section 162(m) of the Code. No amendment to the Plan or any Option shall impair the rights of any outstanding Option holder, without such holder's consent.

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13. GOVERNANCE. The Plan is intended to comply with the provisions of Rule 16b-3 promulgated under the 1934 Act. The Plan shall be governed by and construed in accordance with the laws of the State of Delaware.