

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

FORM 10-Q/A

(Mark One)

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

For the quarterly period ended March 31, 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 April 30, 1999
Par value \$.01 per share	76,885,898

Exhibit Index is on page 14 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)

	MARCH 31, 1999	DECEMBER 31, 1998
	-----	-----
ASSETS		
Cash and cash equivalents	\$ 44,710	\$ 42,883
Cash held in trust	29,000	--
Accounts receivable, less allowance for doubtful accounts of \$8,397 and \$5,258	139,671	102,681
Investments available for sale, at fair value	324	328
Notes receivable - current	14,527	14,930
Other current assets	7,133	7,202
Net assets of discontinued operations	45,926	45,883
	-----	-----
Total current assets	281,291	213,907
Goodwill, net of amortization of \$7,757 and \$5,838	310,474	293,374
Fixed assets, net of accumulated depreciation of \$13,436 and \$11,282	34,264	27,249
Notes receivable - non-current	3,124	3,116
Other assets	6,798	5,534
	-----	-----
Total non-current assets	354,660	329,273
	-----	-----
TOTAL CURRENT AND NON-CURRENT ASSETS	\$ 635,951	\$ 543,180
	=====	=====
LIABILITIES		
Accounts payable	\$ 35,414	\$ 32,423
Income taxes - current	6,872	3,345
Notes payable and capitalized leases - current	5,787	27,765
Accrued expenses and other liabilities	33,411	32,406
	-----	-----
Total current liabilities	81,484	95,939
Bank debt	69,000	44,000
Notes payable and capitalized leases-long term	2,566	3,246
Income taxes - deferred	6,763	3,593
Accrued expenses and other liabilities	30,073	239
	-----	-----
Total non-current liabilities	108,402	51,078
	-----	-----
TOTAL CURRENT AND NON-CURRENT LIABILITIES	189,886	147,017
	-----	-----
SHAREHOLDERS' EQUITY		
Common stock	765	734
Additional paid-in capital	365,454	330,363
Retained earnings	80,886	65,692
Unearned ESOP	--	(755)
Treasury stock	(755)	--
Accumulated other comprehensive income	(285)	129
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	446,065	396,163
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 635,951	\$ 543,180
	=====	=====

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 MARCH 31,	
	1999	1998
Business service fee and commission revenues	\$ 124,978	\$ 66,640
Expenses:		
Operating expenses	92,325	51,862
Corporate general and administrative expenses	3,442	1,536
Merger and acquisition costs	1,176	3
Depreciation and amortization expenses	4,187	2,132
Interest income, net	(209)	(228)
Total expenses	100,921	55,305
Income from continuing operations before income tax expense	24,057	11,335
Income tax expense	9,490	3,853
Income from continuing operations	14,567	7,482
Income from discontinued operations, net of income taxes	706	1,594
Net income	\$ 15,273	\$ 9,076
Basic earnings per share:		
Continuing operations	\$ 0.20	\$ 0.14
Discontinued operations	0.01	0.03
Net income	\$ 0.21	\$ 0.17
Diluted earnings per share:		
Continuing operations	\$ 0.18	\$ 0.12
Discontinued operations	0.01	0.02
Net income	\$ 0.19	\$ 0.14
Pro forma income data from continuing operations :		
Net income as reported	\$ 14,567	\$ 7,482
Pro forma adjustment to provision for income taxes	133	336
Pro forma net income	\$ 14,434	\$ 7,146
Pro forma earnings per share:		
Basic	\$ 0.19	\$ 0.14
Diluted	\$ 0.18	\$ 0.11
Weighted average common shares	74,625	52,009
Weighted average common shares and dilutive potential common shares	82,092	66,357

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)

	THREE MONTHS ENDED MARCH 31,	
	1999	1998
NET CASH USED IN CONTINUING OPERATING ACTIVITIES	\$ (7,616)	\$ (5,078)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of equity securities	--	(262)
Proceeds from (additions to) notes receivable	(283)	193
Business acquisitions, net of cash acquired	(8,055)	(8,113)
Purchases of property and equipment	(8,181)	(3,154)
Proceeds from dispositions of property and equipment	32	109
Net cash used in investing activities	(16,487)	(11,227)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bank debt	42,000	41,600
Proceeds from notes payable and capitalized leases	1,503	438
Payment of bank debt	(17,000)	(34,402)
Payment of notes payable and capitalized leases	(25,656)	(8,650)
Proceeds from stock issuances, net	24,860	41,506
Proceeds from exercise of stock options and warrants, net	302	5,040
Other, net	(79)	(455)
Net cash provided by financing activities	25,930	45,077
Net increase in cash and cash equivalents	1,827	28,772
Cash and cash equivalents at beginning of period	42,883	22,401
Cash and cash equivalents at end of period	\$ 44,710	\$ 51,173

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 March 31, 1999 and December 31, 1998, and the results of their operations and cash flows for the three-month periods ended March 31, 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 first quarter 1999, the Company continued its strategic acquisition program, acquiring the businesses of nine complementary companies. These acquisitions comprised of the following: seven accounting, tax, valuation and advisory firms and two benefits administration and insurance firms.

Eight 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 \$13.3 million (of which \$7.3 million represented the fair value of 955,000 shares of restricted Common Stock), excluding future contingent consideration of up to \$6.8 million, representing \$2.8 million in cash and/or notes and approximately 524,000 shares of restricted Common Stock (estimated fair value of \$4.0 million at acquisition) based on the acquired companies' ability to meet or exceed certain performance goals. The aggregate purchase price, excluding future contingent consideration, has been allocated to the net assets of the companies acquired based upon their respective fair market values. Future contingent consideration is recorded when earned as additional purchase price. 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 unaudited pro forma information for the periods set forth below give effect to the 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):

	THREE MONTHS ENDED	
	MARCH 31, 1999	MARCH 31, 1998
Pro forma from continuing operations:		
Total revenues	\$127,544	\$71,356
Net income	\$14,553	\$8,033
Earnings per share		
Basic	\$0.19	\$0.15
Diluted	\$0.18	\$0.12

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

2. ACQUISITIONS (CONTINUED)

Century exchanged approximately 645,000 shares of its common stock for all of the common stock of an accounting, tax, valuation, and advisory firm, which was 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 entity for all periods presented.

The aforementioned pooling-of-interests transaction involved an enterprise that previously had not been subjected to income taxes. Accordingly, pro forma adjustments have been presented in the financial statements to reflect the tax effects of the enterprise in prior periods.

3. CASH AND CASH EQUIVALENTS AND CASH HELD IN TRUST

Cash and cash equivalents consist of funds held on deposit and short-term highly liquid investments with a maturity of three months or less at the date of purchase. At various times during the year, Century had deposits with financial institutions in excess of the \$100,000 federally insured limit.

Cash held in trust represents funds on deposit from clients for which the Company is administering and settling claims. A related liability for these funds is recorded in accrued expenses and other liabilities in the balance sheet.

4. 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 effect on Century's financial condition or results of operations.

5. 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. Comprehensive income for the three months ended March 31, 1999 and 1998 was \$14.9 million and \$8.6 million, respectively.

6. EARNINGS PER SHARE

For the periods presented, Century presents both basic and diluted earnings per share. The following data shows the amounts 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.

	THREE MONTHS ENDED MARCH 31,	
	1999	1998
Denominator		
Basic		
Weighted average common shares	74,625	52,009
Diluted		
Warrants	6,702	13,556
Options	267	792
Contingent shares	498	-
Total	82,092	66,357

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

7. DISCONTINUED OPERATIONS

In April 1999, Century adopted a formal plan to divest of 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 March 31, 1999 and 1998 were \$11.7 million and \$12.6 million, respectively. The divestiture of the specialty insurance segment is expected to result in a gain, and the sale is expected to be completed prior to December 31, 1999.

8. SUBSEQUENT EVENTS

Since March 31, 1999, Century completed the acquisition of two benefits administration and insurance firms, and one information technology firm. The aggregate purchase price of these acquisitions was approximately \$9.0 million (of which \$8.3 million represented the fair value of 759,000 shares of restricted Common Stock), excluding future contingent consideration of up to \$4.3 million, representing \$1.5 million in cash and/or notes and approximately 346,000 shares of restricted Common Stock (estimated fair value of \$2.8 million at acquisition) based on the acquired companies' ability to meet or exceed certain performance goals. The acquisition of the benefits administration and insurance firms will be accounted for under the purchase method of accounting and the acquisition of the information technology firm is expected to be accounted for under the pooling-of-interests method of accounting.

9. SEGMENT REPORTING

Century adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," on January 1, 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.

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 throughout the United States. Century provides integrated services in the following areas: accounting, tax, valuation, and advisory services; benefits administration and insurance services; human resources and payroll services; and performance consulting services.

RESULTS OF OPERATIONS

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Revenues

Business service fees and commissions increased to \$125.0 million for the three-month period ended March 31, 1999, from \$66.6 million for the comparable period in 1998. The increase was attributable to the acquisitions completed subsequent to the first quarter of 1998 and from internal growth. For the companies with a full period of operations in 1999 and 1998, Century achieved an internal growth rate of 15.5%, which is based on the increase in revenues of such companies, including companies acquired that are accounted for as pooling of interests, from the three-month period ended March 31, 1999 as compared to the comparable period in 1998. The increase in revenues also reflects strong results from the companies that provide accounting and tax services, which derive a large part of their revenue from business activity in the first quarter of the year, as well as results from Century's cross-serving initiatives.

Expenses

Total expenses increased to \$100.9 million for the three-month period ended March 31, 1999, from \$55.3 million for the comparable period 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 first quarter of 1998. As a percentage of business service fees and commissions, total expenses decreased to 80.8% for the three-month period ended March 31, 1999, from 83.0% for the three-month period ended March 31, 1998.

Operating expenses increased to \$92.3 million for the three-month period ended March 31, 1999, from \$51.9 million for the comparable period in 1998, primarily due to purchase acquisitions made subsequent to the first quarter of 1998. As a percentage of business service fees and commissions, operating expenses decreased to 73.9% at March 31, 1999 from 77.8% for the comparable period, reflecting operating efficiencies and economies of scale achieved. The primary components of operating expenses are compensation expense, occupancy expense, and other operating expenses. Compensation expense increased due to purchase acquisitions as well as the significant amount of resources required by the firms that provide tax services, as the first quarter is their busiest quarter of the year. Occupancy expense and other operating expenses increased due to additional expense from purchase acquisitions, but as a percentage of business service fees and commissions decreased from 34.6% for the three-month period ended March 31, 1998 to 24.7% for the comparable period in 1999, representing operating efficiencies gained through successful integration efforts.

Corporate general and administrative expenses increased to \$3.4 million for the three-month period ended March 31, 1999, from \$1.5 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. Significant costs associated with the following corporate initiatives were incurred in the first quarter of 1999: certain costs associated with the enterprise-wide solution to integrate back office operations, and costs incurred associated with Century's national cross-serving meetings. Corporate general and administrative expenses represented 2.8% and 2.3% of total revenues for the three-month periods ended March 31, 1999 and 1998.

Merger and acquisitions costs increased to \$1.2 million for the three-month period ended March 31, 1999, from \$3,000 for the comparable period in 1998. 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 is due to the build out of the mergers and acquisitions department throughout 1998 resulting in the full utilization of the department in 1999, as well as costs associated with the pooling-of-interests transaction in 1999.

Depreciation and amortization expenses increased to \$4.2 million for the three-month period ended March 31, 1999 from \$2.1 million for the comparable period in 1998. The increase is primarily a result of the increase of goodwill amortization resulting from the forty-nine acquisitions completed by Century subsequent to the first quarter of 1998. As a percentage of total revenues, depreciation and amortization expense was 3.4% and 3.2% for the three-month period ended March 31, 1999 and 1998, respectively.

Century recorded income taxes from continuing operations of \$9.5 million (\$9.6 on a pro forma basis) for the three-month period ended March 31, 1999 compared to \$3.9 million (\$4.2 million on a pro forma basis) for the comparable period in 1998. The effective tax rate increased to 39.4% (40.0% on a pro forma basis) for the three-month period ended March 31, 1999 from 34.0% (37.0% on a pro forma basis) for the comparable period. Income taxes are provided based on Century's anticipated annual effective rate.

OTHER

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Total assets increased to \$636.0 million at March 31, 1999, from \$543.2 million at December 31, 1998, primarily attributable to purchase acquisitions completed in the first quarter of 1999. Of the \$92.8 million increase in total assets, the significant increases in assets include cash and cash equivalents of \$30.8 million, accounts receivable of \$37.0 million, and goodwill of \$17.1 million. Total liabilities increased approximately \$42.9 million, primarily due to the increase in accrued expenses and other liabilities related to cash deposited from clients, while total debt remained relatively consistent. Total shareholders' equity increased \$49.9 million due to net income for the first quarter of 1999 of \$15.3 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

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During the three month period ended March 31, 1999, cash and cash equivalents increased \$1.8 million to \$44.7 million, from \$42.9 million at December 31, 1998, as cash provided by financing activities of \$25.9 million exceeded cash used in operating activities of \$7.6 million and cash used in investing activities of \$16.5 million.

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 quarter 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 three months ended March 31, 1999, cash provided by financing activities consisted primarily of proceeds of \$25.2 million from stock issuances and exercises of stock options and warrants, proceeds from the revolving credit facility of \$42 million, and repayment of bank debt, notes payable, and capital leases. The primary source of cash from stock issuances resulted from the \$25 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 warrants to purchase shares of common stock which may be exercised under the following terms: 300,000 shares for 3 years at \$20 per share; 300,000 shares for 4 years at \$25 per share; and 300,000 shares for 5 years at \$30 per share. 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, of which \$41.5 million was received during the three months ended March 31, 1998. Cash provided by financing activities consisted primarily of net proceeds received from this private placement, which together with warrants exercised, raised approximately \$46.5 million during the three months ended March 31, 1998. The proceeds from stock issuances, together with the proceeds from the revolving credit facility of \$41.6 million, were used for repayment of debt and notes payable.

YEAR 2000

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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. 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, that may jeopardize operations. Although we cannot be certain, we believe substantially that all our all systems, applications and related software that are subject to Y2K compliance risk have been identified and that all actions were or are currently being taken to complete remediation on time. The implementation and verification phase is expected to be complete by June 30, 1999, with inter-dependency testing complete by October 1, 1999.

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 of other vendors. Some property management companies, however, have delayed in responding. In many cases we have made four written requests for compliance. The property managers that have not responded are not material third parties and are not expected to have a material impact on our business if their systems are not year 2000 compliant. 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. The subsidiaries and the corporate office will submit and consolidate their contingency plans in August. Century's Y2K Contingency Plan will supplement 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 which are designed in part to address specific Y2K requirements. One of the reasons that the number Y2K remediation has increased is due to our continued growth through acquisitions. We do not expect expenditures incurred 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

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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 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 levels at March 31, 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 issued no debt instruments, entered into no forward or futures contracts, purchased no options and entered into no 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

(d) Issuance of shares during the three months ended March 31, 1999, were as follows:

Century sold 1,785,714 shares of common stock and 900,000 warrants to purchase common stock under a Purchase Agreement dated March 5, 1999, pursuant to a Registration Statement on Form S-3 (No. 333-40331), registering up to \$125,000,000 of Century's securities, including common stock, par value \$0.01 per share, which became effective on December 12, 1997. The offering was not underwritten.

The aggregate offering price for the common stock and warrants was \$25,000,000; net proceeds received was approximately \$24,975,000, after deducting issuance costs. The net proceeds will be added to Century's general funds to be used for general corporate purposes, working capital requirements, and the cash portion of acquisitions.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) Exhibits
 - 27.1 Financial Data Schedule
- (b) Reports on Form 8-K

There were no Current Reports on Form 8-K filed during the quarter ended March 31, 1999.

SIGNATURE

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

Century Business Services, Inc.

(Registrant)

Date: September 23, 1999

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

Charles D. Hamm, Jr.
Chief Financial Officer

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

EXHIBIT INDEX

Exhibit Number:

27.1 Financial Data Schedule (SEC only).....15

3-MOS

	DEC-31-1999	
	JAN-01-1999	
	MAR-31-1999	
		73,710
		324
		162,595
		8,397
		0
	281,291	
		47,700
		13,436
		635,951
81,484		
		0
0		
		0
		765
635,951		
		445,300
		0
	124,978	
		0
		92,325
		8,805
		0
	(209)	
		24,057
		9,490
14,567		
		706
		0
		0
		15,273
		.21
		.19