FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

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FILER

CTI GROUP HOLDINGS INC

CIK:**355627**| IRS No.: **510308583** | State of Incorp.:**DE** | Fiscal Year End: **0331**
Type: **10QSB** | Act: **34** | File No.: **000-10560** | Film No.: **99670952**
SIC: **8700** Engineering, accounting, research, management

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington DC 20549
FORM 10-QSB

/X/ QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTER ENDED JUNE 30, 1999

OR

/ / TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ____ TO _____ .

Commission file number 0-10560.

CTI GROUP (HOLDINGS) INC.

(Exact name of Small Business Issuer in its charter)

DELAWARE	51-0308583
(State or other jurisdiction of incorporation of organization)	(IRS Employer Identification Number)

2550 Eisenhower Avenue, Norristown, PA 19403

(Address of principal executive offices) (Zip Code)

Issuer's telephone number, including area code (610) 666-1700

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __ .

The number of shares of common stock par value $.01, outstanding as of July 22, 1999 was 7,093,300.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CTI GROUP (HOLDINGS) INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	June 30, 1999	March 31, 1999

ASSETS	(Unaudited)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 412,667	$ 776,146
Trade, accounts receivable less allowance for doubtful accounts of $284,617 and $264,156 at June 30, 1999 and March 31, 1999, respectively	945,063	626,631
Inventories	27,475	22,458
Prepaid expenses	130,460	93,514
	----------	----------
Total current assets	1,515,665	1,518,749
Furniture, fixtures, equipment and leasehold improvements at cost, less accumulated depreciation and amortization of $325,574 and $305,250 at June 30, 1999 and March 31, 1999, respectively	171,412	168,327
Computer software, net of accumulated amortization of $2,404,884 and $2,283,518 at June 30, 1999 and March 31, 1999, respectively	723,315	840,682
Excess of cost over net assets of acquired business, net of accumulated amortization of $12,228 and $11,112 at June 30, 1999 and March 31, 1999, respectively	32,340	33,453
Other assets	21,862	21,862
	----------	----------
	$2,464,594	$2,583,073
	==========	==========

</TABLE>

CTI GROUP (HOLDINGS) INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)

<TABLE>
<CAPTION>

	June 30, 1999	March 31, 1999
	----------	----------
LIABILITIES AND STOCKHOLDERS' EQUITY	(Unaudited)	
<S>	<C>	<C>
Current liabilities:		
Current portion of long-term debt	$ 182,725	$ 218,424

Accounts payable	414,793	492,842
Other accrued expenses	1,213,661	1,177,893
Deferred revenue	801,949	999,518
Total current liabilities	2,613,128	2,888,677
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value $.01; 10,000,000 shares authorized; 7,093,300 issued at June 30, 1999 and 7,041,349 shares issued at March 31, 1999	70,933	70,417
Capital in excess of par value	8,065,867	8,062,507
Accumulated deficit	(7,950,227)	(8,085,684)
Other comprehensive income - Foreign currency translation	71,293	53,556
Less - Treasury stock, 140,250 shares at June 30, 1999 and March 31, 1999, at cost	(406,400)	(406,400)
Total stockholders' equity	(148,534)	(305,604)
	$2,464,594	$2,583,073

</TABLE>

CTI GROUP (HOLDINGS) INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998
<S>	<C>	<C>
Net sales	$2,003,117	$1,626,510
Costs and expenses:		
Cost of sales (exclusive of depreciation and amortization)	942,895	884,260
Selling, general and administrative expenses	780,235	823,470
Depreciation and amortization	142,806	228,220

	1,865,936	$1,935,950
Income (loss) from operations	137,181	(309,440)
Other expenses (income)		
Interest expense net of interest income	1,724	31,440
Net income (loss)	$ 135,457	$ (340,880)
Other Comprehensive Income (loss)		
Foreign currency translation adjustment	17,737	(36,921)
Comprehensive income (loss)	$ 153,194	$ (377,801)
Basic and Diluted Net income (loss) per common share	$ 0.02	$ (0.05)
Basic weighted average common shares outstanding	6,944,135	6,526,000
Diluted weighted average common shares outstanding	7,105,258	6,526,000

</TABLE>

CTI GROUP (HOLDINGS) INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended June 30,	
	1999	1998
<S>	<C>	<C>
Cash Provided By (Used In):		
Operating activities:		
Net Income	$ 135,457	$ (340,880)
Adjustments to reconcile net income to cash provided by (used in) operations:		
Depreciation and amortization	142,806	228,220
Provision for doubtful accounts	20,461	(36,639)
Issuance of stock options	3,876	--
Changes in Operating Working Capital:		
Decrease (increase) in receivables, trade	(348,363)	122,204
Increase in inventories	(5,071)	(47)
Decrease (increase) in prepaid expenses	(38,869)	19,590
Decrease in accounts payable	(78,841)	(218,226)
(Decrease) increase in other accrued expenses	53,777	61,925
Decrease in deferred revenue	(175,755)	62,236
Total adjustments	(425,979)	239,263

Cash utilized in operating activities	(290,522)	(101,617)
Investing Activities:		
Additions to equipment and leasehold improvements	(23,357)	(28,972)
Additions to computer software	(4,000)	(130,212)
Cash utilized in investing activities	(27,357)	(159,184)
Financing Activities:		
(Repayment of) addition to debt	(35,704)	5,339
Cash provided by (utilizing in) financing activities	(35,704)	5,339
Decrease in cash and cash equivalents	(353,583)	(255,462)
Effect of exchange rates on cash	(9,896)	(24,559)
Cash and cash equivalents, at beginning of period	776,146	628,329
Cash and cash equivalents, at end of period	$ 412,667	$ 348,308
Supplemental disclosures:		
Cash paid during the year for interest	$ 4,414	$ 4,620

</TABLE>

CTI GROUP (HOLDINGS) INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1: Business and Basis of Presentation

CTI Group (Holdings) Inc. and Subsidiaries (the "Company") designs, develops, markets and supports data processing software and services for managing telecommunications systems.

The accompanying consolidated financial statements have been prepared by CTI Group (Holdings) Inc. without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"), and reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results for the interim periods presented. All such adjustments are of a normal recurring nature. Certain previously reported amounts have been reclassified to conform with the current period presentation.

Certain information in footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted pursuant to the rules and regulations of the SEC, although the Company believes the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-KSB for the fiscal year ended March 31, 1999.

Certain reclassifications have been made to the comparative June 30, 1998 data to conform to the current year's presentations.

NOTE 2: Basic and Diluted Income (Loss) Per Common Share

Net income (or loss) per common share is computed in accordance with the provision of SFAS No. 128, "Earnings Per Share". Basic earnings per share is computed by dividing reported earnings available to common stockholders by the weighted average shares outstanding for the period. Diluted earnings per share is computed by dividing reported earnings available to common stockholders by weighted average shares outstanding for the period giving effect to securities considered to be dilutive potential common shares such as stock options. The effect of all dilutive potential common shares was to increase dilutive weighted average shares by only 161,123 shares for the quarter ended June 30, 1999 resulting in dilutive weighted average shares of 7,105,258. Basic and diluted earnings per share were $0.02 per share for the quarter ended June 30, 1999. Because the Company incurred losses for the quarter ended June 30, 1998, the effect of all dilutive potential common shares was antidilutive. Consequently, the Company's basic and diluted earnings per share were the same for the quarter ended June 30, 1998.

NOTE 3: Income Taxes

The Company utilized the benefit of available net operating loss carry-forwards with an equivalent tax benefit to offset any tax liability as a result of income which arose in three months period ended June 30, 1999.

ITEM 2

Management's Discussion and Analysis or Plan of Operation

Results of Operations

Revenues from operations increased $376,607 to $2,003,117 for the three months ended June 30, 1999, as compared to the prior year period. This increase in revenues is due primarily to a $418,060 increase in revenues from CTI Data Solutions Ltd., a UK based wholly-owned subsidiary, offset by a $41,453 decrease in revenues from CTI Data Solutions Inc., a US based wholly-owned subsidiary. Revenues increased from CTI Data Solutions Ltd. primarily as a result of increased sales of its new C6Win product line. Revenues generated from CTI Data Solutions Inc. slightly decreased compared to the prior year as a result of anticipated continued migration of revenues derived from service bureau activities in excess of increases in newer technology based telemanagement and billing products. The Company anticipates that it will be able to replace and exceed continued declines in service bureau activities by its newer technology based telemanagement and billing product software.

Cost of Sales were 47% of revenues for three months ended June 30, 1999 as compared to 54% in the prior year period. Costs of sales decreased as a percentage of revenues for the three months ended June 30, 1999 as compared to the prior year period due primarily to increased operational efficiencies and improved sales efforts.

Selling, general and administrative ("SG&A") expenses were 39% for three months ended June 30, 1999 and 51% for the same period in 1998. The decrease was primarily the result of cost containment measures initiated during 1999. These cost containment measures included the reduction in non-essential staff. The Company realized a 5% decrease in SG&A expenses in 1999 compared to 1998 despite an increase in revenues of 23%.

The depreciation and amortization expenses decreased by $85,414, a decrease of 37% over the same period last year related to the elimination of computer software costs and fixed assets resulting from the purchase price adjustment on March 31, 1999 related to the original purchase of Databit from Siemens.

Liquidity and Capital Resources

Cash and cash equivalents amounted to $412,667 as of June 30, 1999 compared to $776,146 as of March 31, 1999. The decrease in cash is primarily the result of cash utilized in operations of approximately $318,000 related to increased operational activity, cash utilized in investing activities related to the acquisition of fixed assets of approximately $27,000 and cash utilized in financing activity related to the pay down of debt of approximately $36,000.

The consolidated financial statements of the Company have been prepared on a going concern basis, which contemplates the continuation of operations, realization of assets and liquidation of liabilities in the ordinary course of business. The Company has a deficiency in working capital of $1,097,463 at June 30, 1999 compared to a deficit of $1,369,928 at March 31, 1999 and has incurred net income of $135,457 for the fiscal year ended March 31, 1999 compared to a net loss of $340,880 for the previous period. In addition, the Company's line of credit was fully utilized as of June 30, 1999 and expires in September 1999.

The Company anticipates it will refinance its line of credit which matures in September 1999; furthermore, the Company believes, if it does not refinance the line, that it will have adequate funds to repay outstanding amounts at maturity. However, no assurance can be given that the Company will be successful in its efforts to refinance its line of credit or have adequate funds to repay the outstanding amount at maturity.

These factors indicate that there is substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. The Company plans to focus on improving revenue levels through increased marketing efforts and the identification of new distribution arrangements. Future actions could include further cost containment measures, consolidation of the product line, potential for additional private placement financing, and the pursuit of joint venture partnerships/source code transactions. The Company's ability to operate beyond the immediate future is dependent upon its ability to achieve levels of revenues to support the Company's cost structure, maintain adequate financing and generate sufficient cash flows from operations to meet its operating needs. However, no assurance can be given that the Company will be successful in its efforts to implement its plans and achieve a level of profitability.

Year 2000 Compliance Issues

All of the Company's software products and services are Year 2000 compliant with the exception of certain older telemanagement software products that are no longer being supported. Customers still utilizing these older telemanagement software products have been notified that those products are no longer being supported and that Year 2000 compliant software is available. Licensing Fees on the non-compliant Year 2000 software which is being phased out were insignificant for the quarter ended June 30, 1999. Management believes that the elimination of the non-compliant Year 2000 revenue stream will be replaced by the customers switching to the Year 2000 compliant replacement software products. For a minority of customers, this will not be possible and the net cost to the Company of conversion of such customers is not anticipated to be material. The Company is converting the service bureau customers of CTI Data Solutions Inc. to a Year 2000 compliant system. The cost of this is estimated to be no more than $25,000 in total. There will also be additional costs to convert some of the Company's internal computer systems to become Year 2000 compliant. The computer systems affected are administrative in nature and will not of themselves disrupt the operations of the Company, in the event of failure. The cost of converting the internal computer systems is estimated to be $15,000 and a plan is in place to replace the relevant systems by the end of July 1999.

The Company does not have a formal contingency plan if the conversions and corrections made to correct and prepare for the Year 2000 compliance issue are not successful. The Company costs incurred and expected to be incurred related to ensuring the Company's products and systems are Year 2000 compliant are estimated to be approximately $50,000. The Company is in the process of contacting significant vendors with respect to their Year 2000 compliance issues. To date the Company is not aware of material non-compliance with its vendors.

The Company believes that before December 31, 1999 its internal computer systems will be Year 2000 compliant; however, the Company cannot guarantee that its internal computer systems or the systems of other companies will be timely converted or that a failure to convert by another company, or a conversion that is incompatible with our systems, would not have material adverse effect on its operations.

The Company believes that the most reasonably likely worst case scenario with respect to the Year 2000 compliance issue is the failure of a supplier to become Year 2000 compliant, which could result in the temporary interruption of the supply of services, namely electricity and telecommunication providers which could result in potential lost sales and profits. The Company believes that non-IT systems utilized to operate the Company's facilities, equipment and other activities that are not related to IT systems will function without substantial Year 2000 compliance problems.

PART II - OTHER INFORMATION

ITEM 1 - Legal Proceedings:
None

ITEM 2 - Changes in Securities:
None

ITEM 3 - Details Upon Senior Securities:
Not Applicable

ITEM 4 - Submission of Matters to a Vote of Security Holders:
There were no matters submitted for a vote of security holders during the three months ended June 30, 1999.

ITEM 5 - Other Information:
None

ITEM 6 - Exhibits and Reports on Form 8 - K:

(a) Exhibits - None
(b) Form 8 - K

The Company filed a Form 8-K with the SEC of June 28, 1999 in connection with the engagement of Deloitte & Touche LLP as new independent auditors.

The company filed a Form 8-K/A with the SEC of July 14, 1999 in connection with the engagement of Deloitte & Touche LLP as new independent auditors.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

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Anthony P. Johns Chairman & Chief Executive Officer	Date