

As filed with the Securities and Exchange Commission on June 25, 1999

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
(AMENDMENT NO. 1)
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTER ENDED MARCH 31, 1999

COMMISSION FILE NUMBER 0-13292

MCGRATH RENTCORP
(Exact name of registrant as specified in its Charter)

CALIFORNIA
(State or other jurisdiction
of incorporation or organization)

94-2579843
(I.R.S. Employer
Identification No.)

5700 LAS POSITAS ROAD, LIVERMORE, CA 94550
(Address of principal executive offices)

Registrant's telephone number: (925) 606-9200

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 preceding 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 No

At May 14, 1999, 13,466,098 shares of Registrant's Common Stock were outstanding.

PART I FINANCIAL INFORMATION

The following item appearing in the Quarterly Report on Form 10-Q for McGrath RentCorp (the Company), as originally filed May 14, 1999, is hereby amended.

ITEM 1. FINANCIAL STATEMENTS.

The following item amends the original filing as to the Consolidated Statements of Cash Flows by reclassifying the Proceeds from Sale of Rental Equipment from Cash Flows from Operating Activities to Cash Flow from Investing Activities and changing the respective subtotals.

MCGRATH RENTCORP
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

(in thousands, except per share amounts)	THREE MONTHS ENDED MARCH 31,	
	1999	1998
Revenues		
Rental	\$ 18,979	\$ 16,981
Rental Related Services	2,434	2,223
	-----	-----
Rental Operations	21,413	19,204
Sales	6,863	7,952
Other	218	194
	-----	-----
Total Revenues	28,494	27,350
	-----	-----
Costs and Expenses		
Direct Costs of Rental Operations		
Depreciation	4,666	3,847
Rental Related Services	1,338	1,664
Other	3,133	3,025
	-----	-----
Total Direct Costs of Rental Operations	9,137	8,536
Costs of Sales	4,860	5,249
	-----	-----
Total Costs	13,997	13,785
	-----	-----
Gross Margin	14,497	13,565
Selling and Administrative	4,199	3,705
	-----	-----
Income from Operations	10,298	9,860
Interest	1,516	1,451
	-----	-----
Income Before Provision for Income Taxes	8,782	8,409
Provision for Income Taxes	3,447	3,313
	-----	-----
Income Before Minority Interest	5,335	5,096
Minority Interest in Income of Subsidiary	(36)	128
	-----	-----
Net Income	\$ 5,371	\$ 4,968
	=====	=====
Earnings Per Share:		
Basic	\$ 0.39	\$ 0.34
	-----	-----
Diluted	\$ 0.38	\$ 0.34
	-----	-----
Shares Used in Per Share Calculation:		
Basic	13,820	14,436
Diluted	13,991	14,635
	-----	-----

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

MCGRATH RENTCORP
CONSOLIDATED BALANCE SHEETS
(unaudited)

(in thousands)	MARCH 31, 1999	DECEMBER 31, 1998
Assets		
Cash	\$ 4,749	\$ 857
Accounts Receivable, less allowance for doubtful accounts of \$650 in 1999 and 1998	15,717	21,811
Rental Equipment, at cost:		
Relocatable Modular Offices	218,335	216,414
Electronic Test Instruments	66,686	66,573
	-----	-----
	285,021	282,987
Less Accumulated Depreciation	(86,013)	(82,959)
	-----	-----
Rental Equipment, net	199,008	200,028
	-----	-----
Land, at cost	18,953	18,953
Buildings, Land Improvements, Equipment and Furniture, at cost, less accumulated depreciation of \$4,210 in 1999 and \$3,858 in 1998	31,791	31,460
Prepaid Expenses and Other Assets	4,558	5,567
	-----	-----
Total Assets	\$ 274,776	\$ 278,676
	=====	=====
Liabilities and Shareholders' Equity		
Liabilities:		
Notes Payable	\$ 101,450	\$ 97,000
Accounts Payable and Accrued Liabilities	20,161	22,964
Deferred Income	2,753	5,574
Minority Interest in Subsidiary	2,548	2,584
Deferred Income Taxes	48,609	45,160
	-----	-----
Total Liabilities	175,521	173,282
	-----	-----
Shareholders' Equity:		
Common Stock, no par value -- Authorized -- 40,000 shares Outstanding -- 13,463 shares in 1999 and 13,970 shares in 1998	7,824	8,138
Retained Earnings	91,431	97,256
	-----	-----
Total Shareholders' Equity	99,255	105,394
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 274,776	\$ 278,676
	=====	=====

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

MCGRATH RENTCORP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in thousands)	THREE MONTHS ENDED MARCH 31,	
	1999	1998
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Cash Flow from Operating Activities:		
Net Income	\$ 5,371	\$ 4,968
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	5,059	4,202
Gain on Sale of Rental Equipment	(1,313)	(1,389)
Change In:		
Accounts Receivable	6,094	1,470
Prepaid Expenses and Other Assets	1,009	(794)
Accounts Payable and Accrued Liabilities	(3,056)	(10,636)
Deferred Income	(2,821)	972
Deferred Income Taxes	3,448	3,299
	-----	-----
Net Cash Provided by Operating Activities	13,791	2,092
	-----	-----
Cash Flow from Investing Activities:		
Purchase of Rental Equipment	(5,901)	(9,888)
Purchase of Land, Buildings, Land Improvements, Equipment and Furniture	(724)	(784)
Proceeds from Sale of Rental Equipment	3,567	3,512
	-----	-----
Net Cash Used in Investing Activities	(3,058)	(7,160)
	-----	-----
Cash Flow from Financing Activities:		
Net Borrowings Under Notes Payable	4,450	15,747
Net Proceeds from the Exercise of Stock Options	--	183
Repurchase of Common Stock	(9,894)	(8,795)
Payment of Dividends	(1,397)	(1,162)
	-----	-----
Net Cash Provided (Used) by Financing Activities	(6,841)	5,973
	-----	-----
Net Increase in Cash	3,892	905
Cash Balance, Beginning of Period	857	538
	-----	-----
Cash Balance, End of Period	\$ 4,749	\$ 1,443
	=====	=====
Interest Paid During the Period	\$ 2,075	\$ 1,440
	=====	=====
Income Taxes Paid During the Period	\$ (8)	\$ 14
	=====	=====
Dividends Declared but not yet Paid	\$ 1,616	\$ 1,414
	=====	=====

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

MCGRATH RENTCORP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1999

NOTE 1. CONSOLIDATED FINANCIAL INFORMATION

The consolidated financial information for the three months ended March 31, 1999 has not been audited, but in the opinion of management, all adjustments (consisting of only normal recurring accruals, consolidation and eliminating entries) necessary for the fair presentation of the consolidated results of operations, financial position, and cash flows of McGrath RentCorp (the "Company") have been made. The consolidated results of the three months ended March 31, 1999 should not be considered as necessarily indicative of the consolidated results for the entire year. It is suggested that these consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's latest Form 10-K.

NOTE 2. NOTES PAYABLE

In April 1999, the Company amended its unsecured line of credit agreement (the "Agreement") with its banks to reduce the minimum shareholders' equity requirement to allow further repurchases of the Company's common stock. The Agreement requires the Company to maintain shareholders' equity of not less than \$85,000,000 plus 50% of all net income generated subsequent to March 31, 1999 plus 90% of any new stock issuance proceeds. All other terms and conditions remained the same.

NOTE 3. BUSINESS SEGMENTS

The Company defines its business segments based on the nature of operations for the purpose of reporting under Statement of Financial Accounting Standard No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131). The Company's three reportable segments are Mobile Modular Management Corporation (Modulars), McGrath-RenTelco (Electronics), and Enviroplex. The operations of these three segments are described in the notes to the consolidated financial statements included in the Company's latest Form 10-K. As a separate corporate entity, Enviroplex revenues and expenses are separately maintained from Modulars and Electronics. Excluding interest expense, allocations of revenues and expenses not directly associated with Modulars or Electronics are generally allocated to these segments based on their pro-rata share of direct revenues. Interest expense is allocated between Modulars and Electronics based on their pro-rata share of average rental equipment, accounts receivable and customer security deposits. The Company does not report total assets by business segment. Summarized financial information for the three months ended March 31, 1999 and 1998 for the Company's reportable segments is shown in the following table:

(in thousands)	MODULARS	ELECTRONICS	ENVIROPLEX	CONSOLIDATED

THREE MONTHS ENDED MARCH 31, 1999				
Rental Operation Revenues	\$ 14,882	\$ 6,531	\$ --	\$ 21,413
Sales and Other Revenues	2,688	2,395	1,998	7,081
Total Revenues	17,570	8,926	1,998	28,494
Depreciation on Rental Equipment	2,498	2,168	--	4,666
Interest Expense	1,161	399	(44)	1,516
Income before Income Taxes	5,824	3,174	(216)	8,782
Rental Equipment Acquisitions	2,465	3,436	--	5,901
Accounts Receivable, net (period end)	6,554	7,379	1,784	15,717
Rental Equipment, at cost (period end)	218,335	66,686	--	285,021
1998				
Rental Operation Revenues	\$ 13,656	\$ 5,548	\$ --	\$ 19,204
Sales and Other Revenues	2,102	2,696	3,348	8,146
Total Revenues	15,758	8,244	3,348	27,350
Depreciation on Rental Equipment	2,191	1,656	--	3,847
Interest Expense	1,094	325	32	1,451
Income before Income Taxes	4,631	3,013	765	8,409
Rental Equipment Acquisitions	5,642	4,246	--	9,888
Accounts Receivable, net (period end)	7,034	7,070	6,220	20,324
Rental Equipment, at cost (period end)	200,067	52,341	--	252,408

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS AMENDMENT TO THE QUARTERLY REPORT ON FORM 10-Q FOR THE THREE MONTHS ENDED MARCH 31, 1999 TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

Date: June 23, 1999

MCGRATH RENTCORP

by: /s/ Thomas J. Sauer

Thomas J. Sauer
Vice President, Chief Financial
Officer (Chief Accounting Officer)