

July 30, 2003



Barrett Business Services, Inc. Announces Second Quarter 2003 Operating Results and Schedules Investor Conference Call

PORTLAND, Ore., July 30 /PRNewswire-FirstCall/ -- Barrett Business

Services, Inc. (Nasdaq: BBSI) reported today net income of \$167,000 for the second quarter ended June 30, 2003, an improvement of \$166,000 over net income of \$1,000 for the second quarter of 2002. The diluted income per share for the 2003 second quarter was \$.03.

Revenues for the second quarter ended June 30, 2003 totaled \$27.9 million, an increase of approximately \$136,000 or 0.5% over the \$27.8 million for the same quarter in 2002.

Results of Operations (in thousands, except per share amounts)	(Unaudited)		(Unaudited)	
	Second Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2003	2002	2003	2002
Revenues:				
Staffing services	\$23,046	\$24,684	\$43,156	\$47,254
Professional employer				
service fees	4,856	3,082	8,143	6,250
Total revenues	27,902	27,766	51,299	53,504
Cost of revenues:				
Direct payroll costs	17,079	18,175	31,877	34,809
Payroll taxes and				
benefits	4,385	3,520	8,190	7,212
Workers' compensation	1,982	1,719	3,407	3,344
Total cost of revenues	23,446	23,414	43,474	45,365
Gross margin	4,456	4,352	7,825	8,139

Selling, general and administrative expenses	3,869	4,072	7,465	8,271
Depreciation and amortization	271	288	551	600
Income (loss) from operations	316	(8)	(191)	(732)
Other (expense) income, net	(68)	9	(74)	20
Income (loss) before taxes	248	1	(265)	(712)
Provision for (benefit from) income taxes	81	--	(89)	(296)
Net income (loss)	\$167	\$1	\$ (176)	\$ (416)
Basic income (loss) per share	\$.03	\$--	\$ (.03)	\$ (.07)
Weighted average basic shares outstanding	5,708	5,806	5,728	5,814
Diluted income (loss) per share	\$.03	\$--	\$ (.03)	\$ (.07)
Weighted average diluted shares outstanding	5,726	5,826	5,728	5,814

The Company changed its reporting of PEO revenues from a gross basis to a net basis in 2002 because it was determined that the Company was not the primary obligor for the services provided by employees pursuant to its PEO contracts. The gross revenues and cost of revenues information below, although not in accordance with generally accepted accounting principles ("GAAP"), is presented for comparison purposes and because management believes such information is more informative as to the level of the Company's business activity and more useful in managing its operations.

	(Unaudited)		(Unaudited)	
	Second Quarter Ended		Six Months Ended	
(\$ in thousands)	June 30,		June 30,	
	2003	2002	2003	2002

Revenues:

Staffing services	\$23,046	\$24,684	\$43,156	\$47,254
Professional employer services	28,342	18,164	48,881	36,559
Total revenues	51,388	42,848	92,037	83,813

Cost of revenues:

Direct payroll costs	40,565	33,257	72,615	65,118
Payroll taxes and benefits	4,385	3,520	8,190	7,212
Workers' compensation	1,982	1,719	3,407	3,344
Total cost of revenues	46,932	38,496	84,212	75,674
Gross margin	\$4,456	\$4,352	\$7,825	\$8,139

A reconciliation of non-GAAP gross PEO revenues to net PEO revenues is as follows:

For the second quarters ended June 30, 2003 and 2002 (in thousands):

Gross Revenue				Net Revenue	
Reporting Method		Reclassification		Reporting Method	
2003	2002	2003	2002	2003	2002

Revenues:

Staffing services	\$23,046	\$24,684	\$--	\$--	\$23,046	\$24,684
Professional employer services	28,342	18,164	(23,486)	(15,082)	4,856	3,082
Total revenues	\$51,388	\$42,848	\$(23,486)	\$(15,082)	\$27,902	\$27,766

Cost of revenues:

Direct payroll costs	\$40,565	\$33,257	\$(23,486)	\$(15,082)	\$17,079	\$18,175
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For the six months ended June 30, 2003 and 2002 (in thousands):

Gross Revenue				Net Revenue	
Reporting Method		Reclassification		Reporting Method	
2003	2002	2003	2002	2003	2002

Revenues:

Staffing services	\$43,156	\$47,254	\$--	\$--	\$43,156	\$47,254
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Professional						
employer						
services	48,881	36,559	(40,738)	(30,309)	8,143	6,250
Total revenues	\$92,037	\$83,813	\$ (40,738)	\$ (30,309)	\$51,299	\$53,504
Cost of revenues:						
Direct payroll						
costs	\$72,615	\$65,118	\$ (40,738)	\$ (30,309)	\$31,877	\$34,809

William W. Sherertz, President and Chief Executive Officer, commented that: "As we noted last quarter, we continue to be encouraged by our prospects for continued growth in revenues and profitability. Our PEO business is particularly strong in California and we do not see, at the present time, any issues that would impede our momentum in the foreseeable future. This leads us to anticipate earnings in the range of \$.10 to \$.13 per diluted share for each of the two remaining quarters of 2003. We are also pleased with the June 30 completion of a \$2 million sale-leaseback transaction of two office buildings, which will provide additional liquidity to fund our future growth. This transaction eliminated our long-term bank debt."

The following summarizes the unaudited balance sheets at June 30, 2003 and December 31, 2002.

(\$ in thousands)	June 30,	December 31,
	2003	2002
Assets		
Current assets:		
Cash and cash equivalents	\$1,977	\$96
Income taxes receivable	--	1,923
Trade accounts receivable, net	14,827	11,357
Prepaid expenses and other	1,893	1,040
Deferred income taxes	1,839	2,111
Total current assets	20,536	16,527
Goodwill, net	18,749	18,749

Intangibles, net	35	59
Property, equipment and software, net	3,611	5,167
Restricted marketable securities and workers' compensation deposits	4,142	4,286
Deferred income taxes	1,445	1,445
Other assets	937	1,064
	\$49,455	\$47,297

Liabilities and Stockholders' Equity

Current liabilities:

Current portion of long-term debt	\$88	\$434
Line of credit payable	4,056	3,513
Accounts payable	712	834
Accrued payroll, payroll taxes and related benefits	8,229	4,897
Workers' compensation claims liabilities	1,783	3,903
Safety incentives payable	439	406
Other accrued liabilities	587	305
Current portion of deferred gain on sale and leaseback	122	--
Total current liabilities	16,016	14,292
Long-term debt, net of current portion	400	488
Customer deposits	441	443
Long-term workers' compensation claims liabilities	2,481	2,492
Other long-term liabilities	673	797
Long-term deferred gain on sale and leaseback	1,097	--
Stockholders' equity	28,347	28,785
	\$49,455	\$47,297

The Company also announced that its board of directors had recently approved an increase of \$500,000 in the capital available for the Company's share repurchase program, under which the Company repurchases shares in the open market from time to time when deemed appropriate, taking into

consideration price and other factors.

On July 31, 2003 at 9:00 a.m. Pacific Time, William W. Sherertz will host an investor telephone conference call to discuss second quarter 2003 operating results. To participate in the call, dial 877-356-3717 shortly before 9:00 a.m. Pacific Time on July 31, 2003. The call identification number is 1961120. A recording of the call will be available beginning July 31, 2003 at 12:00 p.m. and ending Thursday, August 7, 2003. To listen to the recording, dial 800-642-1687 and enter conference identification code 1961120.

Barrett Business Services, Inc. is a human resource management company with offices in seven states, which serve customers in approximately 15 states.

Statements in this release about future events or performance, including earnings expectations for the remaining two quarters of 2003, are forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward-looking statements. Factors that could affect future results include economic conditions in the Company's service areas, the effect of changes in the Company's mix of services on gross margin, future workers' compensation claims experience, collectibility of accounts receivable, and availability of funding for working capital purposes, among others. Other important factors that may affect the Company's future prospects are described in the Company's 2002 Annual Report on Form 10-K. Although forward-looking statements help to provide complete information about the Company, readers should keep in mind that forward-looking statements may be less reliable than historical information.

SOURCE Barrett Business Services, Inc.

