

April 28, 2004



Barrett Business Services, Inc. Announces First Quarter 2004 Operating Results and Financial Guidance for 2Q04

PORTLAND, Ore., April 28 /PRNewswire-FirstCall/ -- Barrett Business

Services, Inc. (Nasdaq: BBSI) reported today net income of \$606,000 for the first quarter ended March 31, 2004, an improvement of \$949,000 from a net loss of \$343,000 for the first quarter of 2003. Diluted income per share for the 2004 first quarter was \$.10, as compared to a diluted loss per share of \$(.06) for the same quarter a year ago.

Net revenues for the first quarter ended March 31, 2004 totaled \$40.6 million, an increase of approximately \$17.2 million or 73.5% over the \$23.4 million for the same quarter in 2003.

	(Unaudited)	
	First Quarter Ended	
	March 31,	
Results of Operations	2004	2003
(in thousands, except per share amounts)		
Revenues:		
Staffing services	\$25,054	\$20,110
Professional employer service fees	15,556	3,287
Total revenues	40,610	23,397
Cost of revenues:		
Direct payroll costs	18,320	14,798
Payroll taxes and benefits	11,531	3,805
Workers' compensation	4,036	1,425
Total cost of revenues	33,887	20,028
Gross margin	6,723	3,369

Selling, general and administrative expenses	5,532	3,596
Depreciation and amortization	242	280
Income (loss) from operations	949	(507)
Other income (expense), net	21	(6)
Income (loss) before taxes	970	(513)
Provision for (benefit from) income taxes	364	(170)
Net income (loss)	\$606	\$(343)
Basic income (loss) per share	\$.11	\$(.06)
Weighted average basic shares outstanding	5,704	5,748
Diluted income (loss) per share	\$.10	\$(.06)
Weighted average diluted shares outstanding	6,143	5,748

The Company changed its reporting of PEO revenues from a gross basis to a net basis in 2002. 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.

(\$ in thousands)	(Unaudited)	
	First Quarter Ended	
	March 31,	
	2004	2003
Revenues:		
Staffing services	\$25,054	\$20,110
Professional employer services	91,720	20,539
Total gross revenues	\$116,774	\$40,649
Cost of revenues:		
Direct payroll costs	93,367	32,050
Payroll taxes and benefits	11,531	3,805
Workers' compensation	5,153	1,425
Total cost of revenues	110,051	37,280
Gross margin	\$6,723	\$3,369

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

For the first quarters ended March 31, 2004 and 2003 (in thousands):

	Gross Revenue				Net Revenue	
	Reporting Method		Reclassification		Reporting Method	
	2004	2003	2004	2003	2004	2003
Revenues:						
Staffing						
services	\$25,054	\$20,110	\$--	\$--	\$25,054	\$20,110
Professional						
employer						
services	91,720	20,539	(76,164)	(17,252)	15,556	3,287
Total						
revenues	\$116,774	\$40,649	\$(76,164)	\$(17,252)	\$40,610	\$23,397
Cost of						
revenues:	\$110,051	\$37,280	\$(76,164)	\$(17,252)	\$33,887	\$20,028

William W. Sherertz, President and Chief Executive Officer, commented that: "We are very pleased with our continuing sequential growth in gross revenues. We believe this will equate to increased momentum for improved earnings trends for the balance of 2004. In addition, our balance sheet has never been stronger, now with a record \$10.0 million in cash and securities, which further strengthens our overall liquidity and working capital position." The following summarizes the unaudited balance sheets at March 31, 2004 and December 31, 2003.

(\$ in thousands)	March 31,	December 31,
	2004	2003
Assets		
Current assets:		
Cash and cash equivalents	\$6,062	\$7,785
Marketable securities	3,907	--
Trade accounts receivable, net	24,816	18,481
Prepaid expenses and other	2,576	958
Deferred income taxes	2,115	2,196

Total current assets	39,476	29,420
Goodwill, net	21,738	18,749
Intangibles, net	44	13
Property, equipment and software, net	3,247	3,367
Restricted marketable securities and workers' compensation deposits	1,726	1,647
Deferred income taxes	990	1,041
Other assets	474	436
	\$67,695	\$54,673

Liabilities and Stockholders' Equity

Current liabilities:

Current portion of long-term debt	\$200	\$88
Income taxes payable	227	--
Accounts payable	639	727
Accrued payroll, payroll taxes and related benefits	22,734	13,881
Workers' compensation claims liabilities	5,116	3,886
Safety incentives liabilities	2,961	2,007
Other accrued liabilities	1,722	361
Total current liabilities	33,599	20,950
Long-term debt, net of current portion	200	400
Customer deposits	481	455
Long-term workers' compensation claims liabilities	1,025	1,031
Other long-term liabilities	--	45
Deferred gain on sale and leaseback	1,128	1,158
Stockholders' equity	31,262	30,634
	\$67,695	\$54,673

Outlook for Second Quarter 2004

The Company also disclosed today limited financial guidance with respect to its operating results for the second quarter ending June 30, 2004. The Company expects gross revenues for the second quarter to range from \$120

million to \$123 million and anticipates diluted income per share to range from \$.25 to \$.30 per share for the same period. A reconciliation of estimated gross revenues to estimated GAAP net revenues for the second quarter of 2004 is not included because estimated PEO revenues and cost of PEO revenues for the period cannot be determined without unreasonable effort and expense.

On April 29, 2004 at 9:00 a.m. Pacific Time, William W. Sherertz and Michael D. Mulholland will host an investor telephone conference call to discuss first quarter 2004 operating results. To participate in the call, dial 877-0356-3717 shortly before 9:00 a.m. Pacific Time on April 29, 2004.

The call identification number is 6842413. The conference call will also be webcast live at www.barrettbusiness.com. To access the webcast, click on the Investor Relations section of the Web site and select Webcast. A replay of the call will be available beginning April 29, 2004 at 11:00 a.m. and ending May 6, 2004. To listen to the recording, dial 800-642-1687 and enter conference identification code 6842413.

Barrett Business Services, Inc. is a human resource management company with offices in eight states, which serve customers in approximately 18 states.

Statements in this release about future events or performance, including earnings expectations for the second quarter of 2004, 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 successful integration of the operations of Skills Resource Training Center acquired by the Company on January 1, 2004, the effect of changes in the Company's mix of services on

gross margin, future workers' compensation claims experience, the effect of changes in the workers' compensation regulatory environment in one or more of our primary markets, 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 2003 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. The Company undertakes no obligation to update or revise forward-looking statements in this release to reflect events or changes in circumstances that occur after the date of this release.

SOURCE Barrett Business Services, Inc.