

August 5, 1998



Barrett Business Services, Inc. Announces Net Income and Revenues for Second Quarter 1998

PORTLAND, Ore., Aug. 5 /PRNewswire/ -- Barrett Business Services, Inc.

(Nasdaq: BBSI) reported today net earnings for the second quarter ended June 30, 1998, of \$935,000 or \$.14 per diluted share, before a one-time charge for merger-related expenses and the effect of the June 29, 1998 merger with a Southern California staffing company. After a one-time charge for merger-related expenses of \$750,000 (\$450,000 after-tax or \$.06 per diluted share) and the effect of the merger (on a pooling-of-interests basis), net earnings for the 1998 second quarter were \$600,000 or \$0.08 per diluted share. On this same basis, net earnings for the six-month period ended June 30, 1998, were \$987,000 or \$0.13 per diluted share.

Revenues for the second quarter ended June 30, 1998 were \$68.6 million, before the effect of the merger, as compared to \$69.6 million a year ago, a decline of 1.4 percent. After the effect of the merger, revenues for the 1998 second quarter were \$76.7 million, as compared to \$75.7 million for the comparable 1997 period. For the six-month period ended June 30, 1998, revenues totaled \$145.9 million, after the effect of the merger, an increase of 2.3 percent over revenues of \$142.7 million for the similar 1997 period.

As previously reported, on June 29, 1998, Barrett completed its acquisition of Western Industrial Management, Inc., and of a related company, Catch 55, Inc. (together "WIMI"), in a stock-for-stock merger. Barrett issued 894,642 shares of its common stock and paid a dissenting shareholder

\$519,000 in cash. The parties valued the transaction at approximately \$10.7 million or \$11.375 per share. The one-time charge of \$750,000 for merger-related expenses was primarily for professional fees, of which approximately \$425,000 were attributable to WIMI.

The merger with WIMI has been accounted for as a pooling-of-interests under Accounting Principles Board Opinion No. 16. Accordingly, all prior period financial statements have been restated to include WIMI as though it had always been a part of Barrett. Results of operations for the second quarter ended June 30, 1998 and 1997, however, have been reported both with and without giving effect to the merger.

	(Unaudited)				(Unaudited)	
	Second Quarter Ended				Six Months Ended	
	June 30,				June 30,	
	1998		1997		Post-	
	Pre-	Post-	Pre-		merger	
	merger	merger	merger	(Restated)	with	(Restated)
	Barrett	with	Barrett	Barrett	WIMI	WIMI
Results of Operations	Operations	WIMI	Operations	Barrett	1998	1997
(in thousands, except per share amounts)						
Revenues:						
Staffing services	\$35,383	\$42,786	\$37,947	\$43,387	\$83,090	\$80,136
Professional						
employer services	33,187	33,865	31,621	32,273	62,802	62,535
Total revenues	68,570	76,651	69,568	75,660	145,892	142,671
Cost of revenues:						
Direct payroll						
costs	53,450	59,348	53,859	58,349	113,015	109,787
Payroll taxes						

and benefits	5,882	6,629	6,212	6,781	13,069	13,265
Workers' compensation	1,936	2,211	1,973	2,175	4,207	4,226
Safety incentives	336	336	381	381	700	704
Total cost of						
revenues	61,604	68,524	62,425	67,686	130,991	127,982
Gross margin	6,966	8,127	7,143	7,974	14,901	14,689
Selling, general and						
administrative						
expenses	5,168	6,035	4,857	5,641	11,851	10,750
Merger expenses	--	750	--	--	750	--
Amortization of						
intangibles	313	329	275	285	682	612
Income from operations	1,485	1,013	2,011	2,048	1,618	3,327
Other income	74	41	45	25	110	83
Income before taxes	1,559	1,054	2,056	2,073	1,728	3,410
Provision for income						
taxes	624	454	802	819	741	1,333
Net income	\$935	\$600	\$1,254	\$1,254	\$987	\$2,077
Basic earnings per						
share	\$.14	\$.08	\$.19	\$.16	\$.13	\$.27
Weighted average basic						
shares	6,772	7,666	6,736	7,630	7,652	7,663
Diluted earnings per						
share	\$.14	\$.08	\$.18	\$.16	\$.13	\$.27
Weighted average						
diluted shares	6,828	7,722	6,832	7,727	7,707	7,809

The following summarizes the unaudited balance sheets at June 30, 1998 and December 31, 1997, as restated:

(\$ in thousands)	Post-merger	(Restated)
	June 30,	December 31,
	1998	1997
Assets		
Cash	\$1,076	\$3,439

Receivables, net	23,946	21,051
Prepays and other	1,808	1,231
Deferred tax asset	2,281	2,086
Total current assets	29,111	27,807
Intangibles, net	12,130	12,133
Property and equipment, net	4,968	4,574
Restricted marketable securities	5,857	6,095
Other assets	386	206
	\$52,452	\$50,815
Liabilities and Stockholders' Equity		
Current portion of long-term debt	\$488	\$731
Line of credit payable	252	887
Income taxes payable	48	--
Accounts payable	688	1,136
Accrued payroll and benefits	11,613	10,034
Accrued workers' compensation claims	3,260	3,140
Customer safety incentives	1,125	1,073
Other accrued liabilities	821	414
Total current liabilities	18,295	17,415
Long-term debt, net	550	573
Customer deposits	898	934
Long-term workers' compensation liabilities	722	632
Other long-term liabilities	1,120	1,030
Stockholders' equity	30,867	30,231
	\$52,452	\$50,815

Barrett Business Services, Inc. is a human resource management company

with offices in Washington, Oregon, Idaho, California, Arizona, Michigan,

Maryland and Delaware. For 1997, as restated, Barrett reported revenues of

\$305.5 million and net income of \$3.8 million.

SOURCE Barrett Business Services, Inc.

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