

November 3, 1997



Barrett Business Services, Inc. Announces Net Income and Revenues For Third Quarter 1997

PORTLAND, Ore., Nov. 3 /PRNewswire/ -- Barrett Business Services, Inc.

(Nasdaq: BBSI) reported today net income of \$947,000 for the third quarter ended September 30, 1997. Earnings per share for the 1997 third quarter were \$.14, as compared to \$.24 for the 1996 third quarter. Net income for the nine months ended September 30, 1997 amounted to \$3,031,000. Earnings per share for the 1997 nine-month period were \$.45, as compared to \$.55 for the 1996 period.

Revenues for the third quarter ended September 30, 1997 totaled \$81.2 million, an increase of approximately \$21.0 million or 34.8% over the \$60.3 million reported for the same quarter a year ago. Revenues for the nine months ended September 30, 1997 were \$214.4 million, an increase of 38.1% over the comparable 1996 period. The internal growth rates of revenues were 27.0% for the 1997 third quarter and 25.8% for the nine-month period ended September 30, 1997.

	(Unaudited)		(Unaudited)	
	Third Quarter		Nine Months	
	Ended		Ended	
	September 30,		September 30,	
Results of Operations	1997	1996	1997	1996
(in thousands, except per share amounts)				
Revenues:				
Staffing services	\$47,271	\$32,612	\$118,405	\$82,332

Professional employer				
services	33,934	27,640	96,035	72,976
Total revenues	81,205	60,252	214,440	155,308
Cost of revenues:				
Direct payroll costs	62,997	45,817	165,200	117,695
Payroll taxes and				
benefits	7,654	5,248	20,907	14,570
Workers' compensation	2,237	2,161	6,065	4,144
Safety incentives	464	433	1,168	1,142
Total cost of				
revenues	73,352	53,659	193,340	137,551
Gross margin	7,853	6,593	21,100	17,757
Selling, general and				
administrative				
expenses	6,072	4,104	15,444	11,671
Amortization of				
intangibles	351	207	943	576
Income from operations	1,430	2,282	4,713	5,510
Other income	22	109	144	318
Income before taxes	1,452	2,391	4,857	5,828
Provision for income				
taxes	505	730	1,826	2,036
Net income	\$947	\$1,661	\$3,031	\$3,792
Primary earnings per				
share	\$.14	\$.24	\$.45	\$.55
Primary weighted average				
number of common stock				
equivalent shares				
outstanding	6,727	7,019	6,754	6,928

The decline in net income for the third quarter of 1997 compared to the same period a year ago was primarily attributable to higher direct payroll costs as a percentage of revenues, increased bad debt expense and higher

branch office operating expenses.

The following summarizes the unaudited balance sheets at September 30,

1997 and December 31, 1996:

(\$ in thousands)	September 30, 1997	December 31, 1996
Assets		
Cash	\$1,754	\$1,901
Receivables, net	24,376	19,057
Note receivable	--	324
Prepays and other	1,205	914
Deferred tax asset	1,708	1,279
Total current assets	29,043	23,475
Intangibles, net	12,434	10,226
Property and equipment, net	4,035	3,111
Restricted marketable securities	6,077	5,707
Other	139	127
	\$51,728	\$42,646
Liabilities and Stockholders' Equity		
Advances on credit line	\$1,614	\$ --
Current portion of long-term debt	62	36
Accounts payable	1,229	667
Accrued payroll and benefits	11,808	7,354
Accrued workers' compensation claims	2,750	2,240
Customer safety incentives	1,143	1,015
Other accrued liabilities	383	606
Total current liabilities	18,989	11,918
Long-term debt, net	810	838
Customer deposits	951	890
Long-term workers' compensation claims	606	613
Other long-term liabilities	1,022	--
Redeemable common stock	--	2,825

Stockholders' equity	29,350	25,562
	\$51,728	\$42,646

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

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

Maryland and Delaware. Barrett reported revenues of \$215.8 million and net

income of \$5.0 million for 1996.

SOURCE Barrett Business Services Inc.

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