



July 26, 2001

Spar Group Reports Second Quarter Results

Net Income Up 280 Percent for Quarter

TARRYTOWN, N.Y., July 26, 2001 -- SPAR Group, Inc. (Nasdaq:SGRP) today announced results for its second quarter ended June 30, 2001, with net income up 280 percent and operating income climbing 21 percent.

For the second quarter of 2001, SPAR reported net income of \$319,000, or \$0.02 per diluted share, compared with net income of \$113,000, or \$0.01 per diluted share, a year ago. Revenues for the second quarter of 2001 were \$23.5 million compared with \$28.3 million in the second quarter a year ago. Revenues for the 2001 second quarter reflect discontinued in-store merchandising programs previously contracted with PIA Merchandising Co. Inc., a subsidiary of PIA Merchandising Services, Inc., which SPAR Group acquired in July 1999 and completed integrating in the third quarter of 2000.

For the six months ended June 30, 2001, SPAR reported net income of \$996,000, or \$0.05 per diluted share, compared with net income of \$529,000, or \$0.03 per diluted share. Revenues for the first half of 2001 were \$51.2 million compared with \$60.7 million in the comparable 2000 period.

"Results for the second quarter continue to reflect the success of applying SPAR's technology for our day-to-day management of accounts, while offering clients efficient and cost-effective marketing services," said Bob Brown, SPAR Group's chairman and chief executive officer. "We have conducted numerous customer surveys designed to monitor our performance and the results are very positive. Based upon current business prospects, we remain optimistic regarding our targets of \$0.14 per share earnings for the year 2001 and \$0.28 per share in 2002."

Brown noted that SPAR's International Division, which is initially focused on expanding its merchandising services to the Pacific Rim region, is proceeding according to plan in Japan. The Japanese reporting and other technical support systems now operate from the company's Detroit facility and are running 24 hours a day, seven days a week. He added that SPAR's Incentive division is expected to benefit from several new product introductions, supported by the company's systems and technology that have successfully improved performance within the merchandising services division.

"We are clearly on the right track and look forward to other opportunities to further enhance shareholder value," said Brown.

SPAR Group, Inc., a diversified marketing services company, provides a broad array of productivity enhancing products and services to help Fortune 1000 companies improve their sales, operating efficiency and profits. SPAR is organized into four operating divisions. SPAR's Merchandising Division provides in-store merchandising, database and research services to general retail, mass market, drug, and grocery chains. SPAR's Incentive Division provides a wide variety of consulting, creative program administration, travel and merchandising fulfillment services to companies seeking to retain, train, and motivate employees to higher levels of productivity. SPAR's Internet Division offers a series of Internet-based productivity improvement applications designed to help clients increase operating efficiencies and train employees in remote locations. SPAR's International Division, through a joint venture with a large Japanese wholesaler, is poised to provide in-store merchandising, database and research services in general retail, mass market, drug, and grocery chains in the Far East.

Certain statements in this news release are forward-looking and involve a number of risks and uncertainties. The Company's actual results could differ materially from those indicated by such statements as a result of various factors, including the continued building of sales momentum, the success of marketing its Internet application software products and other factors discussed in SPAR Group's Form 10-K, Form 10-Q, and other filings made with the Securities and Exchange Commission from time to time.

SPAR Group, Inc.
Condensed, Consolidated Statements of Operations
(unaudited)
(in thousands, except per share data)

Three Months Ended		Six Months Ended	
June 30,	June 30,	June 30,	June 30,
2001	2000	2001	2000

Net revenues	\$23,509	\$28,290	\$51,187	\$60,737
Cost of revenues	15,990	19,177	34,816	42,142
Gross profit	7,519	9,113	16,371	18,595
Selling, general, and administrative expenses	5,690	7,567	12,065	15,843
Depreciation and amortization	969	838	1,889	1,638
Operating income	860	708	2,417	1,114
Interest expense	332	494	719	951
Other (income) expense	--	5	--	(785)
Income before provision for income taxes	528	209	1,698	948
Provision for income taxes	209	96	702	419
Net income	\$319	\$113	\$996	\$529
Basic earnings per share	\$0.02	\$0.01	\$0.05	\$0.03
Basic weighted average common shares	18,272	18,176	18,272	18,165
Diluted earnings per share	\$0.02	\$0.01	\$0.05	\$0.03
Diluted weighted average common shares	18,336	18,299	18,329	18,289

SPAR Group, Inc.
Condensed, Consolidated Balance Sheets
(in thousands, except per share data)

	June 30, 2001 (unaudited)	December 31, 2000 (audited)
ASSETS		
Cash and cash equivalents	\$ --	\$ --
Accounts receivable, net	19,239	23,207
Prepaid expenses and other current assets	1,306	880
Prepaid program costs	2,196	3,542
Deferred income taxes	1,718	1,718
Total current assets	24,459	29,347
Property and equipment, net	3,588	3,561
Goodwill and other intangibles, net	20,370	21,485
Deferred income taxes	1,082	1,082
Other assets	223	143
Total assets	\$49,722	\$55,618
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$3,972	\$5,849
Accrued expenses and other current liabilities	10,044	10,178
Deferred revenue	4,839	8,581

Restructuring and other charges, current	1,655	2,205
Due to certain stockholders, current	3,133	3,505
Current portion of long-term debt	928	1,211
Total current liabilities	24,571	31,529

Line of credit and long-term liabilities, net of current portion	8,549	8,093
Long-term debt due to certain stockholders	2,230	2,160
Restructuring and other charges, long-term	1,136	1,596

Commitments and contingencies

Stockholders' equity:

Preferred stock, \$.01 par value:		
Authorized shares --		
3,000,000		
Issued and outstanding shares -- none	--	--
Common stock, \$.01 par value:		
Authorized shares --		
47,000,000		
Issued and outstanding shares -- 18,272,330 as of June 30, 2001 and December 31, 2000	182	182
Additional paid-in capital	10,127	10,127
Retained earnings	2,927	1,931
Total stockholders' equity	13,236	12,240
Total liabilities and stockholders' equity	\$49,722	\$55,618

Contacts:

SPAR Group, Inc.
Charles Cimitile
914/332-4100

PondelWilkinson MS&L
Gary S. Maier
310/207-9300