SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the first quarterly period ended March 31, 2002

Commission file number: 0-27824

SPAR GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	33-0684451
State of Incorporation	IRS Employer Identification No.

580 White Plains Road, Tarrytown, New York, 10591
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (914) 332-4100

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: [X] Yes

On May 7, 2002, there were 18,586,878 shares of Common Stock outstanding.

SPAR GROUP, INC.

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PART I: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

SPAR GROUP, INC.

Condensed Consolidated Balance Sheets
(In thousands, except share data)

	MARCH 31, 2002	DECEMBER 31, 2001
ASSETS	(Unaudited)	(Note)
Current assets:		
Cash and cash equivalents	$ -	$ -
Accounts receivable, net	18,381	21,144
Prepaid expenses and other current assets	557	440
Deferred income taxes	3,241	3,241
Total current assets	22,179	24,825
Property and equipment, net	2,321	2,644
Goodwill and other intangibles, net	8,357	8,357
Deferred income taxes	389	389
Other assets	28	110
Net assets from discontinued operations	4,824	4,830
Total assets	$ 38,098	$ 41,155
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 877	$ 440
Accrued expenses and other current liabilities	6,251	5,868
Restructuring and other charges, current	1,507	1,597
Due to certain stockholders	2,455	2,655
Current portion of long-term debt	-	57
Net liabilities from discontinued operations	5,822	5,732
Total current liabilities	16,912	16,349
Line of credit and long-term liabilities, net of current portion	7,269	11,287
Long-term debt due to certain stockholders	2,000	2,000
Restructure and other charges, long-term	497	585
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 - 18,585,441 - March 31, 2002 and 18,582,615 - December 31, 2001	186	186
Additional paid-in capital	10,535	10,531

Retained earnings	699	217
Total stockholders' equity	11,420	10,934
Total liabilities and stockholders' equity	$ 38,098	$ 41,155

Note: The Balance Sheet at December 31, 2001 has been derived from the audited financial statements at that date but does not include any of the information and footnotes required by Generally Accepted Accounting Principles for complete financial statements

See accompanying notes.

SPAR GROUP, INC.

Condensed Consolidated Statements of Operations
(unaudited)
(In thousands, except per share data)

	THREE MONTHS ENDED	
	MARCH 31, 2002	MARCH 31, 2001
Net revenues	$ 16,046	$ 14,941
Cost of revenues	9,751	8,748
Gross profit	6,295	6,193
Selling, general and administrative expenses	4,967	4,770
Depreciation and amortization	417	630
Operating income	911	793
Interest expense	48	153
Other expense	82	-
Income before provision for income taxes	781	640
Provision for income taxes	299	273
Income from continuing operations	482	367
Income from discontinued operations, net	-	310
Net income	$ 482	$ 677
Basic/diluted net income per common share:		
Income from continuing operations	$ 0.03	$ 0.02
Income from discontinued operations, net	-	0.02
Net Income	$ 0.03	$ 0.04
Weighted average common shares - basic	18,584	18,272
Weighted average common shares - diluted	18,951	18,322

See accompanying notes.

SPAR GROUP, INC.

Condensed Consolidated Statements of Cash Flows
(unaudited) (In thousands)

	THREE MONTHS ENDED	
	MARCH 31, 2002	MARCH 31, 2001
OPERATING ACTIVITIES		
Net income	$ 482	$ 677
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	417	437
Amortization		193
Changes in operating assets and liabilities:		
Accounts receivable	2,763	2,486
Prepaid expenses and other current assets and prepaid program costs	(35)	(118)
Accounts payable, accrued expenses and other current liabilities	820	(528)
Restructuring charges	(178)	(649)
Discontinued operations, net	96	(2,444)
Net cash provided by operating activities	4,365	54
INVESTING ACTIVITIES		
Purchases of property and equipment	(94)	(283)
Net cash used in investing activities	(94)	(283)
FINANCING ACTIVITIES		
Net (payments of) borrowings on line of credit	(4,018)	520
Net proceeds from employee stock purchase plan	4	-
Net payments of other long-term debt	(57)	(291)
Net payments to certain shareholders	(200)	-
Net cash (used in) provided by financing activities	(4,271)	229
Net change in cash	-	-
Cash at beginning of period	-	-
Cash at end of period	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 165	$ 582

See accompanying notes.

SPAR GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of SPAR Group, Inc. (the "Company"), and its subsidiaries (collectively, the "SPAR Group") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. This financial information should be read in conjunction with the consolidated financial statements and notes thereto for the Company as contained in Form 10-K for the year ended December 31, 2001, as filed with the Securities Exchange Commission on April 1, 2002. The results of operations for the interim periods are not necessarily indicative of the operating results for the entire year.

2. RESTRUCTURING AND OTHER CHARGES

In connection with the PIA Merger, the Company's Board of Directors approved a plan to restructure the operations of the PIA Companies. Restructuring costs are composed of committed costs required to integrate the SPAR Companies' and the PIA Companies' field organizations and the consolidation of administrative functions to achieve beneficial synergies and costs savings.

The Company recognized termination costs in accordance with EITF 95-3, Recognition of Liabilities in Connection with a Business Combination.

The following table displays a roll-forward of the liabilities for restructuring and other charges from December 31, 2001 to March 31, 2002 (in thousands):

	DECEMBER 31, 2001 RESTRUCTURING AND OTHER CHARGES	QUARTER ENDED MARCH 31, 2002 DEDUCTIONS	MARCH 31, 2002 RESTRUCTURING AND OTHER CHARGES
Type of cost:			
Equipment lease settlements	$ 1,762	$ 178	$ 1,584
Office lease settlements	420	0	420
	$ 2,182	$ 178	$ 2,004

Management believes that the remaining reserves for restructuring are adequate to complete its plan.

3. EARNINGS PER SHARE

The following table sets forth the computations of basic and diluted earnings per share (in thousands, except per share data):

	THREE MONTHS ENDED MARCH 31, 2002	THREE MONTHS ENDED MARCH 31, 2001
Numerator:		
Net income from continuing operations	$ 482	$ 367
Income from operations of discontinued division	-	310
Actual net income	$ 482	$ 677

Denominator

Shares used in basic earnings per share calculation	18,584	18,272
Effect of diluted securities:		
Employee stock options	367	50
Shares used in diluted earnings per share calculation	18,951	18,322

Actual basic and diluted earnings per common share:

Income from continuing operations	$ 0.03	$ 0.02
Other expense	-	0.02
Net income	$ 0.03	$ 0.04

4. OTHER EXPENSE

The Company recognized a loss of $82,000 for the three months ended March 31, 2002, for its share of the Japan joint venture loss.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, including, in particular, the statements about the Company's plans and strategies under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations". Although the Company believes that its plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, it cannot assure that such plans, intentions or expectations will be achieved. Certain, but not all, factors that could cause actual results to differ materially from the forward-looking statements made in this Quarterly Report on Form 10-Q are set forth in this Quarterly Report on Form 10-Q. All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified by the cautionary statements contained in this Quarterly Report on Form 10-Q or on the Company's Annual Report on Form 10-K for the year ended December 31, 2001, as previously filed with the Security Exchange Commission.

The Company does not undertake any obligation to update or revise any forward-looking statement or risk factor or to publicly announce any revisions to any of them to reflect future events, developments or circumstances.

OVERVIEW

The Company is a supplier of in-store merchandising and marketing services throughout the United States, Canada, and Japan. The Company also provides database marketing, teleservices, marketing research, and Internet-based software. As part of a strategic realignment in the fourth quarter of 2001, the Company made the decision to divest its Incentive Marketing Division, SPAR Performance Group, Inc. ("SPGI"). The Company is exploring various alternatives for the sale of SPGI, including the sale of the business to the SPGI employees through the establishment of an employee stock ownership plan. The Company anticipates that the divestiture of SPGI will occur in the first half of 2002. As a result of this decision, the Company's continuing operations are now divided into three divisions: the Merchandising Services Division, the Technology Division and the International Division.

MERCHANDISING SERVICES DIVISION

The Company's Merchandising Services Division consists of (1) SPAR Marketing, Inc., a Delaware corporation ("SMI") (an intermediate holding company), SPAR Marketing Force, Inc. ("SMF"), SPAR Marketing, Inc., a Nevada corporation ("SMNEV"), SPAR/Burgoyne Retail Services, Inc. ("SBRS"), and SPAR, Inc. ("SINC") (collectively, the "SPAR Marketing Companies"), and (2) PIA Merchandising Co. Inc., Pacific Indoor Display d/b/a Retail Resources, Pivotal Sales Company and PIA Merchandising Ltd. (collectively, "PIA" or the "PIA Companies").

Merchandising services generally consist of special projects or regularly scheduled routed services provided at stores for a specific retailer or multiple manufacturers primarily under single or multi-year contracts. Services also include stand-alone large-scale implementations. These services may include sales enhancing activities such as ensuring that client products authorized for distribution are in stock and on the shelf, adding new products that are approved for distribution but not presently on the shelf, setting category shelves in accordance with approved store schematics, ensuring shelf tags are in place, checking for the overall salability of client products and selling new and promotional items. Specific in-store services can be initiated by retailers and manufacturers, such as new product launches, special seasonal or promotional merchandising, focused product support and product recalls. The Company also provides database marketing, teleservices and research services.

TECHNOLOGY DIVISION

The Company has developed and is utilizing several Internet-based software products. In addition, the Company has developed and sold internet-based software in its other divisions. The Technology Division, SPAR Technology Group, Inc., was established to market these applications to businesses with multiple locations and large workforces or numerous distributors desiring to improve day-to-day efficiency and overall productivity.

INTERNATIONAL DIVISION

The Company believes there is a significant market for its merchandising services throughout the world. The domestic merchandising services business has been developed utilizing Internet-based technology that can be modified to accommodate foreign markets. The International Division, SPAR Group International, Inc., was established to cultivate foreign markets, modify the necessary systems and implement the Company's merchandising services business model worldwide with an initial focus on Japan and the Pacific Rim region.

RESULTS OF OPERATIONS

The following table sets forth selected financial data and data as a percentage of net revenues for the periods indicated.

	Three Months Ended				
	March 31, 2002		March 31, 2001		
	(amounts in thousands)				Incr.
	Amount	$	Amount	$	(Decr.)

Net revenues	$16,046	100.0%	$14,941	100.0%	7.4%
Cost of revenues	9,751	60.8%	8,748	58.6%	11.5%
Selling, general, and administrative expense	4,967	31.0%	4,770	31.9%	4.1%
Depreciation and amortization	417	2.6%	630	4.2%	(33.8)%
Interest expense	48	0.3%	153	1.0%	(68.6)%
Other expense	82	0.5%	0	0%	(100.0)%
Income before provision for income taxes	781	4.9%	640	4.3%	22.0%
Provision for income taxes	299	1.9%	273	1.8%	9.5%
Income from continuing operations	482	3.0%	367	2.5%	31.3%
Income from discontinued operations, net	0		310		
Net income	$482		$677		

THREE MONTHS ENDED MARCH 31, 2002 COMPARED TO THREE MONTHS ENDED MARCH 31, 2001

Net revenues from continuing operations for the three months ended March 31, 2002, were $16.0 million, compared to $14.9 million for the three months ended March 31, 2001, a 7.4% increase. The increase of 7.4% in net revenues is primarily attributed to increased business in mass merchandiser and drug store chains. The Technology Division recorded no revenue for the periods.

One customer accounted for 28% and 19% of the Company's net revenues for the three months ended March 31, 2002, and 2001, respectively. This customer also accounted for approximately 19% and 20% of accounts receivable at March 31, 2002 and 2001, respectively.

Approximately 22% and 24% of the Company's net revenues for the three months ended March 31, 2002, and 2001, respectively, resulted from merchandising services performed for others at the stores of one retailer that recently filed for protection under the U.S. Bankruptcy Code. While the Company's customers and the resultant contractual relationships are with the manufacturers and not this retailer, a significant reduction of this retailer's stores or cessation of this retailer's business would negatively impact the Company.

Cost of revenues from continuing operations consists of in-store labor and field management wages, related benefits, travel and other direct labor-related expenses, of which approximately 59.5% and 35.4% were purchased from the Company's affiliates, SPAR Marketing Services, Inc. and SPAR Management Services, Inc. in the three month periods ending March 31, 2002, and 2001, respectively. Cost of revenues as a percentage of net revenues increased 2.2% to 60.8% for the three months ended March 31, 2002, compared to 58.6% for the three months ended March 31, 2001. This increase is principally attributable to the mix of business.

Operating expenses include selling, general and administrative expenses as well as depreciation and amortization. Selling, general and administrative expenses include corporate overhead, project management, information systems, executive compensation, human resources expenses, legal and accounting expenses. The following table sets forth the operating expenses as a percentage of net revenues for the time periods indicated:

	Three Months Ended				
	March 31, 2002		March 31, 2001		Incr. (Decr.)
	Amount	%	Amount	%	%
	(amounts in millions)				
Selling, general and administrative	$ 5.0	31.0%	$ 4.8	31.9%	4.1%
Depreciation and amortization	0.4	2.6	0.6	4.2	(33.8)
Total Operating Expenses	$ 5.4	33.6%	$ 5.4	36.1%	(0.3)%

Selling, general and administrative expenses increased by $0.2 million, or 4.1%, for the three months ended March 31, 2002, to $5.0 million compared to $4.8 million for the three months ended

March 31, 2001 due primarily to increased spending on information technology. Selling, general and administrative expenses for the Technology Division were $0.1 million and $0.3 million for the three months ended March 31, 2002, and March 31, 2001, respectively. The decrease was a result of lower development spending.

Depreciation and amortization decreased by $0.2 million for the three months ended March 31, 2002, due primarily to the change in accounting rules for goodwill amortization adopted by the Company effective January 1, 2002.

INTEREST EXPENSE

Interest expense decreased $0.1 million for the three months ended March 31, 2002, over the three months ended March 31, 2001, due to decreased debt levels, as well as, decreased interest rates in 2002.

OTHER EXPENSE

The Company recognized a loss of $82,000 for the three months ended March 31, 2002 for its share of the Japan joint venture loss.

INCOME TAXES

The income tax provision in the first quarter of 2002 represents a combined federal and state income tax rate of 38% compared to 43% for the first quarter of 2001.

INCOME FROM CONTINUING OPERATIONS

The Company had income from continuing operations of $0.5 million in the first quarter of 2002 or $0.3 per basic and diluted share compared to income from continuing operations of $0.4 million or $0.02 per basic and diluted share in the corresponding period in 2001.

RESULTS OF DISCONTINUED OPERATIONS

Three Months Ended				
March 31, 2002		March 31, 2001		Incr. (Decr.)
(amounts in millions)				
Amount	%	Amount	%	%

Net revenues	$ 8.0	100.0%	$ 12.7	100.0%	(36.9)%
Cost of revenues	6.8	84.4%	10.1	79.1%	(67.3)%
Selling, general and administrative	1.2	15.5%	1.6	12.6%	(22.4)%
Depreciation and amortization	0.1	0.8%	0.3	2.3%	(76.8)%

Net revenues from the Incentive Marketing Division for the three months ended March 31, 2002, were $8.0 million, compared to $12.7 million for the three months ended March 31, 2001, a 36.9% decrease. The decrease in net revenues is primarily due to a decrease in project revenues.

Cost of revenues in the Incentive Marketing Division consists of direct labor, independent contractor expenses, food, beverages, entertainment and travel costs. Cost of revenue as a percentage of net revenues increased 5.3% to 84.4% for the three months ended March 31, 2002, compared to 79.1% for the three months ended March 31, 2001, primarily due to the program mix, with higher cost programs accounting for a greater portion of the revenues in 2002.

Operating expenses include selling, general and administrative expenses as well as depreciation and amortization. Selling, general and administrative expenses which include corporate overhead, project management, information systems, executive compensation, human resources expenses, legal and accounting expenses declined $0.4 to $1.2 million for the three months ended March 31, 2002 from $1.6 million for the three months ended March 31, 2001 due to reduced selling expenses. Depreciation and amortization were $0.1 million and $0.3 million for the three months ended March 31, 2002, and 2001 respectively. The decrease of $0.2 million is directly attributed to the change in accounting treatment for goodwill expense in 2002.

NET INCOME

The Company had net income of $0.5 million in the first quarter of 2002 or $0.03 per basic and diluted share compared to net income of $0.7 million or $0.04 per basic and diluted share in the corresponding period in 2001.

LIQUIDITY AND CAPITAL RESOURCES

In the three months ended March 31, 2002, the Company had a net income of $0.5 million. Net cash provided by operating activities for the three months ended March 31, 2002, was $4.4 million, compared with net cash provided by operations of $0.1 million for the three months ended March 31, 2001. Cash provided by operating activities in 2002 was primarily a result of net operating profits and decreases in accounts receivable and increases in accounts payable, accrued expenses and other current liabilities, partially offset by decreases in restructuring charges.

Net cash used in investing activities for the three months ended March 31, 2002, was $0.1 million, compared with net cash used of $0.3 million for the three months ended March 31, 2001. The net cash used in investing activities in 2002 resulted primarily from the purchases of property and equipment.

Net cash used by financing activities for the three months ended March 31, 2002, was $4.3 million, compared with net cash provided by financing activities of $0.2 million for the three months ended March 31, 2001. The net cash used by financing activities in 2002 was primarily due to repayment of the line of credit, shareholder and other long-term debt.

The above activity resulted in no change in cash and cash equivalents for the three months ended March 31, 2002.

At March 31, 2002, the Company had positive working capital of $5.3

million as compared to positive working capital of $8.5 million at March 31, 2001. The decrease in working capital is due to a decrease in accounts receivable offset by increases in accounts payable and accrued expenses. The Company's current ratio was 1.31 and 1.52 at March 31, 2002, and 2001, respectively.

In 1999, IBJ Whitehall Business Credit Corporation ("IBJ Whitehall") and the members of the SPAR Group (other than PIA Canada) (collectively, the "Borrowers") entered into a Revolving Credit, Term Loan and Security Agreement as amended (the "Bank Loan Agreement"). The Bank Loan Agreement provides the Borrowers with a $15.0 million Revolving Credit facility and a $2.5 million term loan. The Revolving Credit facility allows the Borrowers to borrow up to $15.0 million based upon a borrowing base formula as defined in the Agreement (principally 85% of "eligible" accounts receivable). The Bank Loan Agreement's revolving credit loans of $15.0 million were scheduled to mature on September 21, 2002. As of March 31, 2002, IBJ Whitehall extended the maturity date to July 31, 2003. The Term Loan amortized in equal monthly installments of $83,334 and was repaid in full as of December 31, 2001. The revolving loans bear interest at IBJ Whitehall's "Alternate Base Rate" plus one-half of one percent (0.50%) (a total of 5.25% per annum at March 31, 2002). The facility is secured with all the assets of the Company and its subsidiaries.

The Bank Loan Agreement contains an option for the Bank to purchase 16,667 shares of common stock of the Company for $0.01 per share in the event that the Company's average closing share price over a ten consecutive trading day period exceeds $15.00 per share. This option expires September 22, 2002.

The Bank Loan Agreement contains certain financial covenants that must be met by the Borrowers on a consolidated basis, among which are a minimum "Net Worth", a "Fixed Charge Coverage Ratio", a minimum twelve month EBITDA requirement, and a minimum EBITDA, as such terms are defined in the Bank Loan Agreement. The Company was in compliance with such financial covenants on March 31, 2002.

The balances outstanding on the revolving line of credit were $7.3 million and $11.3 million at March 31, 2002, and December 31, 2001, respectively. As of March 31, 2002, based upon the borrowing base formula, the SPAR Group had availability of $2.0 million of the $7.7 million unused revolving line of credit.

As of March 31, 2002, the Company is obligated, under certain circumstances, to pay costs in connection with the Merger (restructure charges) of approximately $2.0 million. In addition, the Company incurred substantial cost in connection with the transaction, including legal, accounting and investment banking fees estimated to be an aggregate unpaid obligation as of March 31, 2002, of approximately $1.1 million. The Company has also accrued approximately $1.0 million for expenses incurred by PIA prior to the Merger, which have not been paid as of March 31, 2002. Management believes the current bank credit facilities are sufficient to fund operations and working capital, including

the current maturities of debt obligations, but may not be sufficient to reduce certain of the pre-Merger obligations of the PIA Companies inherited in the Merger.

In 1999 and prior years, certain principal stockholders of the Company each made loans to certain SPAR Companies in the aggregate amount of $4.3 million to facilitate the acquisition of the PIA Companies and the assets of SPGI. These stockholders were also owed $1.9 million in unpaid distributions relating to the former status of certain of the operating SPAR Companies as Subchapter S Corporations. Those amounts were converted into promissory notes issued to these certain stockholders severally by SMF, SINC and SPGI prior to the Merger, which aggregated $6.2 million. During 2002, $0.2 million of such indebtedness has been repaid by the Company. As of March 31, 2002, a total of $4.5 million remained outstanding under these notes, which have an interest rate of 8% and are due on demand. The current Bank Loan Agreement contains certain restrictions on the repayment of stockholder debt and accordingly $2.0 million at both March 31, 2002 and December 31, 2001 is classified as long-term.

Management believes that based upon the Company's current working capital position and the existing credit facilities, funding will be sufficient to support ongoing operations over the next twelve months. However, delays in collection of receivables due from any of the Company's major clients, or a significant reduction in business from such clients, or the inability to acquire new clients, would have a material adverse effect on the Company's cash resources and its ongoing ability to fund operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk related to the variable interest rate on the line of credit. The Company's accounting policies for financial instruments and disclosures relating to financial instruments require that the Company's consolidated balance sheets include the following financial instruments: cash and cash equivalents, accounts receivable, accounts payable and long term debt. The Company considers carrying amounts of current assets and liabilities in the consolidated financial statements to approximate the fair value for these financial instruments because of the relatively short period of time between origination of the instruments and their expected realization. The carrying amounts of long-term debt approximate fair value because the obligation bears interest at a floating rate. The Company monitors the risks associated with interest rates and financial instrument positions. The Company's investment policy objectives require the preservation and safety of the principal, and the maximization of the return on investment based upon the safety and liquidity objectives.

Currently, the Company's revenue derived from international operations is not material and, therefore, the risk related to foreign currency exchange rates is not material.

INVESTMENT PORTFOLIO

The Company has no derivative financial instruments or derivative commodity instruments in its cash and cash equivalents and investments, as available cash is generally utilized to pay down the outstanding line of credit. The Company invests its cash and cash equivalents in investments in high-quality and highly liquid investments consisting of taxable money market instruments.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

No change.

ITEM 2: CHANGES IN SECURITIES AND USE OF PROCEEDS

Item 2(a): Not applicable

Item 2(b): Not applicable

Item 2(c): Not Applicable

Item 2(d): Not Applicable

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5: OTHER INFORMATION

Not applicable.

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K.

EXHIBITS.

10.15 Amendment No. 5 to Second Amended and Restated Revolving Credit, Term Loan and Security Agreement by and among the SPAR Borrowers and the Lender, effective as of March 31, 2002, and filed herewith.

REPORTS ON FORM 8-K.

NONE.

SPAR GROUP, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 15, 2002 SPAR Group, Inc., Registrant

By: /s/ Charles Cimitile

Charles Cimitile
Chief Financial Officer and Secretary

AMENDMENT NO. 5 TO

SECOND AMENDED AND RESTATED

REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT

THIS AMENDMENT NO. 5 ("Amendment") is effective as of March 31, 2002 and entered into as of May 14, 2002, by and between SPAR Marketing Force, Inc., SPAR, Inc., SPAR/Burgoyne Retail Services, Inc., SPAR Group, Inc., SPAR Incentive Marketing, Inc., SPAR Trademarks, Inc., SPAR Performance Group, Inc. (f/k/a SPAR MCI Performance Group, Inc.), SPAR Marketing, Inc. (DE), SPAR Marketing, Inc. (NV), SPAR Acquisition, Inc., PIA Merchandising Co., Inc., Pacific Indoor Display Co., Inc. and Pivotal Sales Company (each a "Borrower" and collectively, the "Borrowers") and IBJ Whitehall Business Credit Corporation ("Lender").

BACKGROUND

Borrowers and Lender are parties to a Second Amended and Restated Revolving Credit, Term Loan and Security Agreement dated as of September 22, 1999 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), pursuant to which Lender provides Borrowers with certain financial accommodations.

Borrowers have requested that Lender extent the term of the facility and to amend certain provisions of the Loan Agreement and Lender is willing to do so on the terms and conditions hereafter set forth.

NOW, THEREFORE, in consideration of any loan or advance or grant of credit heretofore or hereafter made to or for the account of the Borrowers by Lender, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Loan Agreement.

2. Amendment to Loan Agreement. Subject to satisfaction of the conditions precedent set forth in Section 4 below, the Loan Agreement is hereby amended as follows:

(a) Section 1(A) of the Loan Agreement is amended as follows:

(i) the following defined terms in their appropriate alphabetical order:

"Fifth Amendment" shall mean this Amendment No. 5 to Second Amended and Restated Revolving Credit, Term Loan and Security Agreement effective as of March 31, 2002.

(ii) the following defined terms are amended and restated in their entirety to provide as follows:

"Term" shall mean the Closing Date through July 31, 2003 subject to acceleration upon the occurrence of an Event of Default hereunder or other termination hereunder.

(b) Section 2(j) of the Loan Agreement is amended in its entirety to provide as follows:

"(j) Intentionally Omitted."

3. Conditions of Effectiveness. This Amendment shall become effective as of March 31, 2002 upon Lender's receipt of: (i) four (4) copies of this Amendment executed by Borrower and consented and agreed to by the Guarantors, and (ii) such other certificates, instruments, documents and agreements as may

be required by Lender or its counsel, each of which shall be in form and substance satisfactory to Lender and its counsel.

4. Representations and Warranties. Each Borrower hereby represents and warrants as follows:

(a) This Amendment and the Loan Agreement, as amended hereby, constitute legal, valid and binding obligations of such Borrower and are enforceable against such Borrower in accordance with their respective terms.

(b) Upon the effectiveness of this Amendment, such Borrower hereby reaffirms that all continuing covenants, representations and warranties made in the Loan Agreement, to the extent the same are not amended hereby, are true and correct in all material respects and agrees that all such continuing covenants, representations and warranties shall be deemed to have been remade as of the effective date of this Amendment, excluding, however, those events subject to an express written waiver or consent from us or those expressly permitted or not prohibited by the covenants, provided, however, that any representation or warranty incorporating schedules speak only as of the Closing Date, subject to Borrower's obligation under Section 12(m) of the Loan Agreement to notify Lender of certain occurrences or events.

(c) No Event of Default or Default has occurred and is continuing or would exist after giving effect to this Amendment, excluding, however, those events subject to an express written waiver or consent from us.

(d) As of the date hereof, Borrower has no defense, counterclaim or offset with respect to the Loan Agreement.

5. Effect on the Loan Agreement.

(a) Upon the effectiveness of this Amendment hereof, each reference in the Loan Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Loan Agreement as amended hereby.

(b) Except as specifically amended herein, the Loan Agreement, and all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect, and are hereby ratified and confirmed.

(c) Except as expressly provided in this Amendment, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Lender, nor constitute a waiver of any provision of the Loan Agreement, or any other documents, instruments or agreements executed and/or delivered under or in connection therewith.

6. Governing Law. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and shall be governed by and construed in accordance with the laws of the State of New York.

7. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

8. Counterparts. This Amendment may be executed by the parties hereto in one or more counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first written above.

SPAR MARKETING FORCE, INC.
SPAR, INC.
SPAR/BURGOYNE RETAIL SERVICES, INC.
SPAR INCENTIVE MARKETING, INC.
SPAR TRADENAMES, INC.
SPAR PERFORMANCE GROUP, INC.
SPAR MARKETING, INC. (DE)
SPAR MARKETING, INC. (NV)
SPAR ACQUISITION, INC., as Borrowers

By: /s/ Charles Cimitile

Name: Charles Cimitile
Title: Chief Financial Officer of
each of the foregoing entities

PIA MERCHANDISING CO., INC.
PACIFIC INDOOR DISPLAY CO., INC.
PIVOTAL SALES COMPANY
SPAR GROUP, INC., as Borrowers

By: /s/ Charles Cimitile

Name: Charles Cimitile
Title: Chief Financial Officer of
each of the foregoing corporations

IBJ WHITEHALL BUSINESS CREDIT CORPORATION

By: /s/ Joseph Zautra

Name: Joseph Zautra
Title: Vice President

CONSENTED AND AGREED TO:

/s/ Robert G. Brown

Robert G. Brown, a Guarantor

/s/ William H. Bartels

William H. Bartels, a Guarantor

PIA MERCHANDISING LIMITED,
a Guarantor

By: /s/ Charles Cimitile

Name: Charles Cimitile
Title: Chief Financial Officer