UNITED STATES

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 third quarterly period ended September 30, 2003

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 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 [ ] No

Indicate by check whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act): [ ] Yes [X] No

On September 30, 2003, there were 18,858,972 shares of Common Stock outstanding.

SPAR Group, Inc.

Index

PART I: FINANCIAL INFORMATION

Item 1: Financial Statements

Consolidated Balance Sheets
as of September 30, 2003 and December 31, 2002....................3

Consolidated Statements of Operations for the three months and nine months ended September 30, 2003 and September 30, 2002.........................4

Consolidated Statements of Cash Flows for the nine months ended September 30, 2003 and September 30, 2002...5

Notes to Consolidated Financial Statements.......................6

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations.............................12

Item 3: Quantitative and Qualitative Disclosures About Market Risk........24

Item 4: Controls and Procedures..24

PART II: OTHER INFORMATION

Item 1: Legal Proceedings..25

Item 2: Changes in Securities and Use of Proceeds........................25

Item 3: Defaults upon Senior Securities..................................25

Item 4: Submission of Matters to a Vote of Security Holders...............25

Item 5: Other Information..26

Item 6: Exhibits and Reports on Form 8-K.................................26

SIGNATURES...27

Certifications...28

PART I. FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

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

	SEPTEMBER 30, 2003	DECEMBER 31, 2002
	(Unaudited)	(Note)
ASSETS		
Current assets:		
Cash and cash equivalents	$ -	$ -
Accounts receivable, net	15,002	16,458
Prepaid expenses and other current assets	1,055	783
Deferred income taxes	707	903
Total current assets	16,764	18,144
Property and equipment, net	2,166	1,972
Goodwill	8,157	7,858
Deferred income taxes	648	705
Other assets	664	121
Total assets	$ 28,399	$ 28,800
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		

Accounts payable	$ 1,219	$ 422
Accrued expenses and other current liabilities	2,700	5,140
Accrued expenses, due to affiliates	1,628	958
Restructuring charges, current	772	1,354
Line of credit, short-term	4,673	-
Due to certain stockholders	-	3,951
Total current liabilities	10,992	11,825
Line of credit, long-term	-	148
Restructuring charges, long-term	-	235
	-	
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 -		
18,858,972 - September 30, 2003		
18,824,527 - December 31, 2002	189	188
Treasury stock	(710)	(30)
Additional paid-in capital	10,872	10,919
Retained earnings	7,056	5,515
Total stockholders' equity	17,407	16,592
Total liabilities and stockholders' equity	$ 28,399	$ 28,800

Note: The Balance Sheet at December 31, 2002, has been derived from the audited financial statements at that date but does not include any of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

See accompanying notes.

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

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2003	SEPTEMBER 30, 2002	SEPTEMBER 30, 2003	SEPTEMBER 30, 2002
Net revenues	$ 16,615	$ 17,775	$ 52,704	$ 51,363
Cost of revenues	11,380	10,760	33,777	31,102
Gross profit	5,235	7,015	18,927	20,261
Selling, general and administrative expenses	5,334	4,571	15,044	14,212
Depreciation and amortization	385	467	1,162	1,345
Operating (loss) income	(484)	1,977	2,721	4,704
Interest expense	69	144	209	231
Other expense	-	32	28	166
(Loss) income before provision for income taxes	(553)	1,801	2,484	4,307
(Benefit) provision for income taxes	(208)	588	943	1,544
Net (loss) income	$ (345)	$ 1,213	$ 1,541	$ 2,763
Net (loss) income per common share:				
Basic	$ (0.02)	$ 0.06	$ 0.08	$ 0.15
Diluted	$ (0.02)	$ 0.06	$ 0.08	$ 0.14

Weighted average common shares - basic	18,859	18,696	18,853	18,700
Weighted average common shares - diluted	18,859	19,103	19,508	19,118

See accompanying notes.

SPAR Group, Inc.
Consolidated Statements of Cash Flows
(unaudited) (in thousands)

	NINE MONTHS ENDED	
	SEPTEMBER 30, 2003	SEPTEMBER 30, 2002
OPERATING ACTIVITIES		
Net income	$ 1,541	$ 2,763
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	1,162	1,345
Changes in operating assets and liabilities:		
Accounts receivable	1,456	2,774
Prepaid expenses, other current assets and other assets	(816)	(239)
Accounts payable, accrued expenses and other current liabilities	(269)	1,741
Deferred taxes	254	-
Restructuring charges	(817)	(468)
Discontinued operations, net	-	(902)
Net cash provided by operating activities	2,511	7,014
INVESTING ACTIVITIES		
Purchases of property and equipment	(1,356)	(359)
Advances under SPG revolver	(703)	(212)
Acquisition of businesses	(299)	-
Other long-term liabilities	-	1,021
Net cash (used in) provided by investing activities	(2,358)	450
FINANCING ACTIVITIES		
Net borrowings (payments) on line of credit	4,524	(7,227)
Net proceeds from employee stock purchase plan and exercised options	198	83
Payments of other long-term debt	-	(57)
Payments to certain stockholders	(3,951)	(252)
Purchase of treasury stock	(924)	(11)
Net cash used in financing activities	(153)	(7,464)
Net change in cash	-	-
Cash at beginning and end of period	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 174	$ 619
Stock options exercised by reduction of stockholder debt	-	202

See accompanying notes.

1. BASIS OF PRESENTATION

The accompanying unaudited, consolidated financial statements of SPAR Group, Inc., and its subsidiaries (collectively, the "Company" or the "SPAR Group") have been prepared in accordance with accounting principles generally accepted in the United States 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 in the financial statements. However, these interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the Company as contained in Company's Annual Report on Form 10-K for the year ended December 31, 2002, as filed with the Securities Exchange Commission on March 31, 2003 (the "Company's Annual Report on Form 10-K"). The results of operations for the interim periods are not necessarily indicative of the operating results for the entire year.

2. STOCK OPTIONS

The Company has adopted the disclosure-only provisions of SFAS No. 123, Accounting for Stock-Based Compensation as amended by SFAS 148. No compensation cost has been recognized for the stock option plans under APB 25. Had compensation cost for the Company's option plans been determined based on the fair value at the grant date consistent with the provisions of SFAS No. 123, the Company's net (loss) income and pro forma net (loss) income per share would have been reduced to the adjusted amounts indicated below (in thousands, except per share data):

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002	2003	2002
Net (loss) income, as reported	$ (345)	$ 1,213	$ 1,541	$ 2,763
Stock based employee compensation expense under the fair market value method	274	437	$ 1,188	$ 1,408
Pro forma net (loss) income	(619)	776	$ 353	$ 1,355
Basic net (loss) income per share, as reported	$ (0.02)	$ 0.06	$ 0.08	$ 0.15
Diluted net (loss) income per share, as reported	$ (0.02)	$ 0.06	$ 0.08	$ 0.14
Basic and diluted net (loss) income per share, pro forma	$ (0.03)	$ 0.04	$ 0.02	$ 0.07

3. RESTRUCTURING CHARGES

In 1999, the Company's Board of Directors approved a plan to restructure the operations of the PIA Companies (as defined below - see Merchandising Services Division, p. 13). Restructuring costs were composed of committed costs required to integrate the field organizations of the SPAR Companies and the PIA Companies and the consolidation of their administrative functions to achieve beneficial synergies and costs savings.

The following table displays a roll forward of the liabilities for restructuring charges from December 31, 2002 to September 30, 2003 (in thousands):

	DECEMBER 31, 2002	NINE MONTHS ENDED SEPTEMBER 30, 2003 DEDUCTIONS	SEPTEMBER 30, 2003
Restructuring charges:			
Equipment and office lease settlements	$ 1,589	$ 817	$ 772

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

4. 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		NINE MONTHS ENDED	
	SEPTEMBER 30, 2003	SEPTEMBER 30, 2002	SEPTEMBER 30, 2003	SEPTEMBER 30, 2002
Numerator:				
Net (loss) income	$ (345)	$ 1,213	$ 1,541	$ 2,763
Denominator:				
Shares used in basic earnings per share calculation	18,859	18,696	18,853	18,700
Effect of diluted securities:				
Employee stock options	-	407	655	418
Shares used in diluted earnings per share calculation	18,859	19,103	19,508	19,118
Basic and diluted earnings per common share:				
Net (loss) income - basic	$ (0.02)	$ 0.06	$ 0.08	$ 0.15
- diluted	$ (0.02)	$ 0.06	$ 0.08	$ 0.14

For the three months ended September 30, 2003, the effect of stock options is not included because their effect would be anti-dilutive.

5. LINE OF CREDIT

In January 2003, the Company and Whitehall Business Credit Corporation ("Whitehall"), as successor to the business of IBJ Whitehall Business Credit Corporation, entered into the Third Amended and Restated Revolving Credit and Security Agreement and related documents (the "New Credit Facility"). The New Credit Facility provides the Company with a $15.0 million revolving credit facility (the "New Revolving Facility") that matures on January 23, 2006. The New Revolving Facility allows the Company 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 New Revolving Facility bears interest at Whitehall's "Alternate Base Rate" or LIBOR plus two and one-half percent and is secured by all the assets of the Company and its subsidiaries. The New Revolving Facility interest rate was Whitehall's "Alternate Base Rate" of 4.0% per annum

at September 30, 2003.

The New Credit Facility replaces a previous 1999 agreement, as amended, between the Company and Whitehall (the "Old Credit Facility") that was scheduled to mature on February 28, 2003. The Old Credit Facility provided for a $15.0 million revolving credit facility (the "Old Revolving Facility"), as well as a $2.5 million term loan. The Old Revolving Facility allowed the Company to borrow up to $15.0 million based upon a borrowing base formula as defined in the old agreement (principally 85% of "eligible" accounts receivable). The term loan under the Old Credit Facility amortized in equal monthly installments of $83,334 and was repaid in full as of December 31, 2001.

The New Credit Facility contains certain financial covenants (amending, restating and replacing those contained in the Old Credit Facility) that must be met on a consolidated basis, among which are a minimum "Net Worth", a "Fixed Charge Coverage Ratio", a capital expenditure limitation and a minimum EBITDA, as such terms are defined in the respective agreement. The Company was in compliance with such financial covenants at September 30, 2003, except for the "Fixed Charge Coverage Ratio" for which the Company has secured a waiver from Whitehall. The Company's projections indicate that it may be in violation of certain covenants at December 31, 2003 and accordingly outstanding loans under the New Credit Facility have been classified as a current liability until such time as the Company and Whitehall revise such covenants. The Company expects to revise the aforementioned covenants before December 31, 2003.

The balances outstanding on the revolving lines of credit were $4.7 million under the New Revolving Facility at September 30, 2003, and $148,000 under the Old Revolving Facility at December 31, 2002. In addition, the Company had outstanding Letters of Credit of $737,337 at September 30, 2003 and $842,418 at December 31, 2002. As of September 30, 2003, based upon the borrowing base formula, the Company had availability of $4.1 million of the $10.3 million unused revolving line of credit under the New Revolving Facility.

6. RELATED-PARTY TRANSACTIONS

As of April 2003, all previously outstanding amounts due certain stockholders under certain notes were paid in full.

The SPAR Group, Inc. is affiliated through common ownership with SPAR Marketing Services, Inc. ("SMS"), SPAR Management Services, Inc. ("SMSI") and SPAR Infotech, Inc. ("SIT"). SMS and SMSI (through SMS) provided approximately 93.1% of the Company's field representatives (through its independent contractor field force) and substantially all of the Company's field management services. Under the terms of the field service agreement, SMS provides the services of approximately 6,600 field representatives and SMSI provides approximately 90

full-time national, regional and district managers to the Company as they may request from time to time, for which the Company has agreed to pay SMS and SMSI (through SMS) for all of its costs of providing those services plus 4.0%.

SIT provided Internet and other computer programming services to the Company. Under the terms of the programming agreement between SPAR Marketing Force, Inc. ("SMF") and SIT effective as of October 1, 1998, SIT continues to provide programming services to SMF as SMF may request from time to time, for which SMF has agreed to pay SIT competitive hourly wage rates and to reimburse SIT's out-of-pocket expenses.

The following transactions occurred between the Company and the above affiliates (in thousands):

THREE MONTHS ENDED		NINE MONTHS ENDED	
SEPTEMBER 30, 2003	SEPTEMBER 30, 2002	SEPTEMBER 30, 2003	SEPTEMBER 30, 2002

Services provided by affiliates:				
SMS: Independent contractor field services	$ 7,978	$ 6,171	$ 22,932	$ 17,262
SMSI: Field management services	$ 1,722	$ 1,911	$ 5,135	$ 5,509
SIT: Internet and computer programming services	$ 359	$ 400	$ 1,215	$ 1,270
Services provided to affiliates:				
SMSI Field management services	$ 61	$ 73	$ 169	$ 284

Balance of accrued expense due to affiliates:	SEPTEMBER 30, 2003	DECEMBER 31, 2002
SMS (SPAR Marketing Services, Inc.)	$ 1,628	$ 958

7. STOCKHOLDER EQUITY

The Company initiated a share repurchase program in 2002, which allowed for the repurchase of up to 100,000 shares. In 2003, the Board of Directors authorized the repurchase of an additional 122,000 shares increasing the total to 222,000 shares. The Company repurchased 9,783 shares in the quarter ended December 31, 2002 for $30,076 and 211,315 shares during the nine-month period ended September 30, 2003 for $923,714, for a total repurchase of 221,098 shares for $953,790. The Company used 72,848 of such shares to issue stock for the exercise of stock options. As of September 30, 2003, the Company has 148,520 shares of treasury stock at a cost of $709,920.

8. TRANSACTIONS WITH SPAR PERFORMANCE GROUP, INC. ("SPGI")

In connection with the sale of SPAR Performance Group, Inc. ("SPGI") on June 30, 2002, the Company sold all of the stock of its subsidiary, SPGI. In connection with the sale, SPGI issued two Term Loans totaling $6.0 million, which due to their speculative nature have been fully reserved.

The Company also agreed to provide a discretionary revolving line of credit to SPGI not to exceed $2.0 million (the "SPGI Revolver") through September 30, 2005. The SPGI Revolver is secured by a pledge of all the assets of SPGI and is guaranteed by its parent, Performance Holdings, Inc. The SPGI Revolver provides for advances in excess of the borrowing base through September 30, 2003. As of October 1, 2003, the SPGI Revolver will include a borrowing base calculation (principally 85% of "eligible" accounts receivable). In September 2003, SPGI requested and the Company agreed to provide advances of up to $1.0 million in excess of the borrowing base through September 30, 2005.

Under the SPGI Revolver terms, SPGI is required to deposit all of its cash to the Company's lockbox. At September 30, 2003, there was approximately $700,000 borrowed under the SPGI Revolver of which approximately $200,000 was secured by eligible accounts receivable.

Due to the speculative nature of the SPGI Revolver, the Company has a reserve of approximately $800,000 against the $2.0 million SPGI Revolver commitment as of September 30, 2003. This reserve, net of advances on the revolver, is included in other current liabilities.

The Company continues to assess whether SPGI is a variable interest entity under FASB Interpretation No. 46 "Consolidation of Variable Interest Entities" and if so, whether or not the Company may be required to consolidate

SPGI in its financial statements.

9. CONTINGENT LIABILITIES

In May 2001, a subsidiary of SPAR Group International, Inc. and Paltac, Inc. ("Paltac"), a large Japanese distributor, entered into a joint venture to create a Japanese company, SPAR FM. SPAR FM entered into a 300 million Yen Revolving Credit Agreement with a Japanese bank. The bank required Paltac guarantee the outstanding balance on the revolving credit facility. As part of the joint venture agreement, should Paltac be required to make a payment on its guarantee to the bank, then the Company has

agreed to remit to Paltac 50% of any such payment up to a maximum of 150 million Yen or approximately $1.2 million. As of September 30, 2003, SPAR FM has borrowed 100 million Yen under its Revolving Credit Agreement. Therefore, the Company's current exposure to Paltac respecting outstanding loans to SPAR FM as of September 30, 2003, would be 50 million Yen or approximately $400,000. Losses of the joint venture are recognized in the Company's financial statements under the equity method up to the amount of its investment including guarantees. The Company believes that it is not the primary beneficiary of the joint venture as defined under FASB Interpretation No. 46 and thus will not have to consolidate it. However, the Company will continue to assess the effects of FIN 46 in its fourth quarter of 2003.

10. ACQUISITIONS AND JOINT VENTURES

In February 2003, the Company purchased the business and certain assets of All Store Marketing Services, Inc. ("ASMS"), a Texas corporation specializing in in-store product demonstrations. In connection with the acquisition of ASMS, the Company entered into an employment agreement with the President of ASMS for a period of two years. In June 2003, the Company purchased the business and certain assets of Impulse Marketing Solutions ("IMS"), a Canadian company specializing in providing merchandising services in Canada. In connection with the purchase of IMS, the Company entered into a consulting agreement with a corporation that furnishes the services of the former President and a second senior officer of IMS, which agreement expires on December 31, 2006. In 2003, the effect of these acquisitions are not considered material to the Company's financial statements or results of operations.

In July 2003, the Company entered into a joint venture agreement with CEO Produksiyon Tanitin ve Arastirma Hizmetleri Ltd Sti based in Istanbul to provide retail merchandising services throughout Turkey. The start-up joint venture limited liability company will operate under the English name of SPAR Turkey Ltd. and is 51% owned by the Company, thus requiring consolidation in the Company's financial statements.

11. RECLASSIFICATION

Certain amounts in the 2002 financial statements have been reclassified to conform to the 2003 presentation.

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

FORWARD-LOOKING STATEMENTS

Statements contained in this Quarterly Report on Form 10-Q of SPAR

Group, Inc. (the "Company"), include "forward-looking statements" within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), including (without limitation) Section 27A thereof, and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including (without limitation) Section 21E thereof. These forward-looking statements include, in particular and without limitation, the statements contained in the discussions under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations". Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the Company's actual results, performance and achievements, whether expressed or implied by such forward-looking statements, to not occur or be realized or to be less than expected. Such forward-looking statements generally are based upon the Company's best estimates of future results, performance or achievement, based upon current conditions and the most recent results of operations. Forward-looking statements may be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "believe", "estimate", "anticipate", "continue" or similar terms, variations of those terms or the negative of those terms. You should carefully consider such risks, uncertainties and other information, disclosures and discussions which contain cautionary statements identifying important factors that could cause actual results to differ materially from those provided in the forward-looking statements.

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 in whole or in part. You should carefully review the risk factors described and any other cautionary statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, as filed with the Securities and Exchange Commission on March 31, 2003 (the "Company's Annual Report on Form 10-K"). All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified by the risk factors (see Item 1 - Certain Risk Factors) and other cautionary statements in the Company's Annual Report on Form 10-K and in this Quarterly Report. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

OVERVIEW

The Company is a supplier of in-store merchandising and marketing services both throughout the United States and internationally. The Company's operations are divided into two divisions: the Merchandising Services Division and the International Division. The Merchandising Services Division provides merchandising services, database marketing, teleservices and marketing research to manufacturers and retailers with product distribution primarily in mass merchandisers, drug chains and grocery stores in the United States. The International Division established in July 2000, currently provides merchandising services in Japan, Canada, and most recently, through a start-up joint venture in Turkey and continues to focus on expanding the Company's merchandising services business throughout the world.

MERCHANDISING SERVICES DIVISION

The Company provides nationwide retail merchandising and marketing services to home entertainment, general merchandise, health and beauty care, consumer goods and food products companies in mass merchandisers, drug chains and retail grocery stores throughout the United States. Merchandising services primarily consist of regularly scheduled dedicated routed services and special projects provided at the store level for a specific retailer or multiple manufacturers primarily under single or multi-year contracts and arrangements. Services also include stand-alone large-scale implementations such as new store openings, new product launches, special seasonal or promotional merchandising, focused product support and product recalls. These services may include sales enhancing activities, such as, ensuring 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 setting new and promotional items, placing and/or removing point of purchase and other related media advertising. Specific in-store services can be initiated by retailers or manufacturers, and include new store openings, new product launches, special seasonal or promotional merchandising, focused product support and product recalls.

The Company's Merchandising Services Division consists of: (1) SPAR Marketing, Inc. ("SMI") (an intermediate holding company), SPAR Marketing Force, Inc. ("SMF"), SPAR Marketing, Inc., ("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"). The SPAR Marketing Companies are the original predecessor of the current Company and were founded in 1967. The PIA Companies, first organized in 1943, are also a predecessor of the Company and a supplier of in-store merchandising services throughout the United States, and were deemed "acquired" by the SPAR Marketing Companies for accounting purposes pursuant to the Merger on July 8, 1999 (see Merger and Restructuring in the Company's Annual Report on Form 10-K).

INTERNATIONAL DIVISION

In July 2000, the Company established its International Division, SPAR Group International, Inc. ("SGI"), to focus on expanding its merchandising services business worldwide. In May 2001, the Company entered into a joint venture with a large Japanese distributor and together established SPAR FM to provide merchandising services in Japan. In June 2003, the Company expanded its merchandising services into Canada through the creation of its indirect subsidiary, SPAR Canada Company ("SCC") and SCC's purchase of the business and certain assets of Impulse Marketing Services Inc. In July 2003, the Company entered into a joint agreement with CEO Produksiyon Tanitin ve Arastirma Hizmetleri Ltd Sti based in Istanbul to provide retail merchandising services throughout Turkey. The start-up joint venture will operate under the name SPAR Turkey Ltd. and will be 51% owned by the Company.

CRITICAL ACCOUNTING POLICIES

The Company's critical accounting policies, including the assumptions and judgments underlying them, are disclosed in the Company's Annual Report on Form 10-K in Note 2 to the Financial Statements. These policies have been consistently applied in all material respects and address such matters as revenue recognition, depreciation methods, asset impairment recognition, business combination accounting, and discontinued business accounting. While the estimates and judgments associated with the application of these policies may be affected by different assumptions or conditions, the Company believes the estimates and judgments associated with the reported amounts are appropriate in the circumstances. Two critical accounting policies are revenue recognition and allowance for doubtful accounts:

REVENUE RECOGNITION

The Company's services are provided under service fee and per unit fee contracts or arrangements. Revenues under service fee contracts or arrangements are recognized when the service is performed. The Company's per unit fee contracts or arrangements provide for revenue to be earned based on the retail sales of client's products to consumers. The Company recognizes per unit fee revenue in the period such amounts become determinable.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company continually monitors the collectability of its accounts receivable based upon current customer credit information available.

Utilizing this information, the Company has established an allowance for doubtful accounts of $444,000 and $301,000 at September 30, 2003 and December 31, 2002, respectively. Historically, the Company's estimates have not differed materially from the actual results.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2003 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2002

The following table sets forth selected financial data and data as a percentage of net revenues for the periods indicated (in thousands, except percent data):

	Three Months Ended				
	September 30, 2003		September 30, 2002		
	Amount	%	Amount	%	% Incr. (Decr.)
Net revenues	$ 16,615	100.0%	$ 17,775	100.0%	(6.5)%
Cost of revenues	11,380	68.5	10,760	60.5	5.8
Selling, general, and administrative expense	5,334	32.1	4,571	25.7	16.7
Depreciation and amortization	385	2.3	467	2.6	(17.5)
Interest expense	69	0.4	144	0.8	(52.0)
Other expense	-	-	32	0.2	(100.0)
(Loss) income before provision for income taxes	(553)	(3.3)	1,801	10.2	(130.7)
Income tax (benefit) provision	(208)	(1.3)	588	3.3	(135.4)
Net (loss) income	$ (345)	(2.0)%	$ 1,213	6.9%	(128.5)%

Net revenues from operations for the three months ended September 30, 2003, were $16.6 million, compared to $17.8 million for the three months ended September 30, 2002, a decrease of 6.5%. The decrease in net revenues from decreased per unit fee revenue resulting from lower retail sales of customer products, partially resulting from the discontinued business of one client, offset by increases in service fee revenue.

One customer accounted for 27.7% and 28.2% of the Company's net revenues for the three months ended September 30, 2003 and 2002, respectively. This customer also accounted for approximately 32.6% and 47.0% of accounts receivable at September 30, 2003, and 2002, respectively.

A second customer accounted for 8.2% and 9.6% of the Company's net revenues for the three months ended September 30, 2003 and 2002, respectively. This customer also accounted for approximately 2.8% and 2.6% of accounts receivable at September 30, 2003 and 2002, respectively.

Approximately 13.8% and 16.4% of the Company's net revenues for the three months ended September 30, 2003, and 2002, respectively, resulted from merchandising services performed at Kmart for various customers. Kmart filed for

protection under the U.S. Bankruptcy Code in January of 2002 and emerged from bankruptcy in May of 2003. During its time in bankruptcy, Kmart closed a number of stores in the United States. While the Company's customers and the resultant contractual relationships are with various 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. As of August 31, 2003, one customer discontinued its merchandising programs with the Company. Some but not all of these programs were performed at Kmart. This customer accounted for 16.4% and 20.4% of the Kmart business for the three-month periods ended September 30, 2003 and 2002, respectively.

Cost of revenues consists of field in-store labor and field management wages, related benefits, travel and other direct labor-related expenses. Cost of revenues as a percentage of net revenues increased 8.0% to 68.5% for the three months ended September 30, 2003, compared to 60.5% for the three months ended September 30, 2002. The increase is primarily a result of a decrease in per unit fee revenues that do not have a proportionate decrease in cost. As discussed above under Critical Accounting Policies/Revenue Recognition, the Company's revenue consists of: (1) service fee revenue, which is earned when the merchandising services are performed and therefore, has proportionate costs in the period the services are performed; and (2) per unit fee revenue, which is earned when the client's product is sold to the consumer at retail, not when the services are performed and therefore, does not have proportionate costs in the period the revenue is earned. Since the merchandising service and the related costs associated with per unit fee revenue are normally performed prior to the retail sale and the retail sales of client products are influenced by numerous factors, including consumer tastes and preferences, and not solely by the merchandising service performed, in any given period, the cost of per unit fee revenues may not be directly proportionate to the per unit fee revenue. There was also additional field in-store labor cost of approximately $300,000 associated with per unit fee revenue business in the three months ended September 30, 2003.

Approximately 76.5% and 75.2% of the Company's costs of revenue in the three months ended September 30, 2003, and 2002, respectively, resulted from field in-store independent contractor and field management services purchased from the Company's affiliates, SPAR Marketing Services, Inc., and SPAR Management Services, Inc., respectively.

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 technology, executive compensation, human resource, legal and accounting expenses. The following table sets forth the operating expenses as a percentage of net revenues for the time periods indicated (in millions, except percent data):

	Three Months Ended				
	September 30, 2003		September 30, 2002		Incr. (Decr.)
	Amount	%	Amount	%	%
Selling, general and administrative	$ 5.3	32.1%	$ 4.6	25.7%	16.7%
Depreciation and amortization	0.4	2.3	0.5	2.6	(17.5)

The increase of $0.7 million or 16.7% in selling, general and administrative (SG&A) expense is due primarily to the expense of the Canadian operation acquired in June 2003 with no corresponding SG&A expense in the prior year, as well as an increase in bad debt expense. The Company purchased approximately $400,000 of information technology from its affiliate SPAR Infotech, Inc. for both the three months ended September 30, 2003 and 2002, respectively.

OTHER EXPENSE

Other expense represents the Company's share in the Japanese joint venture loss totaling $32,266 for the three months ended September 30, 2002.

INCOME TAXES

The income tax provision represents a combined federal and state income tax rate of approximately 38% and 33% for the three months ended September 30, 2003, and September 30, 2002, respectively. For the three months ended September 30, 2002, the tax rate was favorably impacted by the resolution of tax exposures accrued in prior years.

NET (LOSS) INCOME

The Company had a net loss of $345,000 for the three months ended September 30, 2003, or ($0.02) per diluted share compared to net income of $1.2 million or $0.06 per diluted share for the corresponding period last year.

RESULTS OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 2003 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2002

The following table sets forth selected financial data and data as a percentage of net revenues for the periods indicated (in thousands, except percent data):

	Nine Months Ended				
	September 30, 2003		September 30, 2002		
	Amount	%	Amount	%	% Incr. (Decr.)
Net revenues	$ 52,704	100.0%	$ 51,363	100.0%	2.6%
Cost of revenues	33,777	64.1	31,102	60.6	8.6
Selling, general, and administrative expense	15,044	28.5	14,212	27.7	5.9
Depreciation and amortization	1,162	2.2	1,345	2.6	(13.6)
Interest expense	209	0.4	231	0.4	(9.6)
Other expense	28	0.1	166	0.3	(83.1)
Income before provision for income taxes	2,484	4.7	4,307	8.4	(42.3)
Income tax provision	943	1.8	1,544	3.0	(38.9)
Net income	$ 1,541	2.9%	$ 2,763	5.4%	(44.3)%

Net revenues from operations for the nine months ended September 30, 2003, were $52.7 million, compared to $51.4 million for the nine months ended September 30, 2002, an increase of 2.6%. The increase in net revenues resulted from increased service fee revenue from a new client partially offset by decreases in per unit fee revenue resulting from lower retail sales of customer products, partially resulting from the discontinued business of one client.

One customer accounted for 31.1% and 28.5% of the Company's net revenues for the nine months ended September 30, 2003 and 2002, respectively. This customer also accounted for approximately 32.6% and 47.0% of accounts receivable at September 30, 2003, and 2002, respectively.

A second customer accounted for 9.3% and 10.9% of the Company's net revenues for the nine months ended September 30, 2003 and 2002, respectively. This customer also accounted for approximately 2.8% and 2.6% of accounts receivable at September 30, 2003, and 2002, respectively.

Approximately 15.1% and 19.7% of the Company's net revenues for the nine months ended September 30, 2003, and 2002, respectively, resulted from merchandising services performed at Kmart for various customers. Kmart filed for protection under the U.S. Bankruptcy Code in January of 2002 and emerged from bankruptcy in May of 2003. During its time in bankruptcy, Kmart closed a number of stores in the United States. While the Company's customers and the resultant contractual relationships are with various 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. As of August 31, 2003, one customer discontinued its merchandising programs with the Company. Some but not all of these programs were performed at Kmart. This customer accounted for 14.3% and 18.4% of the Kmart business for nine months ending September 30, 2003 and 2002 respectively.

Cost of revenues consists of field in-store labor and field management wages, related benefits, travel and other direct labor-related expenses. Cost of revenues as a percentage of net revenues increased 3.5% to 64.1% for the nine months ended September 30, 2003, compared to 60.6% for the nine months ended September 30, 2002. The increase is primarily a result of a decrease in per unit fee revenues that do not have a proportionate decrease in cost. As discussed above under Critical Accounting Policies/Revenue Recognition, the Company's revenue consists of: (1) service fee revenue, which is earned when the merchandising services are performed and therefore, has proportionate costs in the period the services are performed; and (2) per unit fee revenue, which is earned when the client's product is sold to the consumer at retail, not when the services are performed and therefore, does not have proportionate costs in the period the revenue is earned. Since the merchandising service and the related costs associated with per unit fee revenue are normally performed prior to the retail sale and the retail sales of client products are influenced by numerous factors, including consumer tastes and preferences, and not solely by the merchandising service performed, in any given period, the cost of per unit fee revenues may not be directly proportionate to the per unit fee revenue.

Approximately 80.2% and 73.3% of the Company's costs of revenue in the nine months ended September 30, 2003, and 2002, respectively, resulted from field in-store independent contractor and field management services purchased from the Company's affiliates, SPAR Marketing Services, Inc. ("SMS"), and SPAR Management Services, Inc. ("SMSI"), respectively.

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 technology, executive compensation, human resource, legal and accounting expenses. The following table sets forth the operating expenses as a percentage of net revenues for the time periods indicated (in millions, except percent data):

	Nine Months Ended				
	September 30, 2003		September 30, 2002		Incr. (Decr.)
	Amount	%	Amount	%	%
Selling, general and administrative	$ 15.0	28.5%	$ 14.2	27.7%	5.9%
Depreciation and amortization	1.2	2.2	1.3	2.6	(13.6)

The increase of $832,000 or 5.9% in selling, general and administrative (SG&A) expense is due primarily to the expense of the Canadian operation acquired in June 2003 with no corresponding SG&A expense in the prior year, as well as an increase in bad debt expense. The Company purchased $1.2 million and $1.3 million of information technology from its affiliate SPAR Infotech, Inc. for the nine months ended September 30, 2003 and 2002, respectively.

OTHER EXPENSE

Other expense represents primarily the Company's share in the Japanese joint venture loss totaling $37,806 and $166,298 for the nine months ended September 30, 2003, and September 30, 2002, respectively.

INCOME TAXES

The income tax provision represents a combined federal and state income tax rate of approximately 38% and 36% for the nine months ended September 30, 2003, and September 30, 2002, respectively. For the nine months ended September 30, 2002, the tax rate was favorably impacted by the resolution of tax exposures accrued in prior years.

NET INCOME

The Company had net income of $1.5 million for the nine months ended September 30, 2003, or $0.08 per diluted share compared to net income of $2.8 million or $0.14 per diluted share for the corresponding period last year.

LIQUIDITY AND CAPITAL RESOURCES

In the nine months ended September 30, 2003, the Company had net income of $1.5 million. Net cash provided by operating activities for the nine months ended September 30, 2003, was $2.5 million compared with net cash provided by operations of $7.0 million for the nine months ended September 30, 2002. The decrease in cash provided by operating activities from 2002 to 2003 of $4.5 million was a direct result of a decrease in net income, less collection on accounts receivable, increased payments for prepaid expenses, accrued liabilities and restructuring charges.

Net cash used in investing activities for the nine months ended September 30, 2003, was $2.4 million, compared with net cash provided by investing activities of $450,000 for the nine months ended September 30, 2002. The net cash used in investing activities in 2003 resulted from the acquisition of businesses, advances on the SPG revolver, purchases of property and equipment and the capitalization of software development costs.

Net cash used in financing activities for the nine months ended September 30, 2003, was $153,000, compared with net cash used in financing activities of $7.5 million for the nine months ended September 30, 2002. The decrease of net cash used in financing activities was primarily a result of borrowings on the line of credit, offset by repayments of stockholder loans and the purchase of treasury stock.

The above activity resulted in no change in cash and cash equivalents for the nine months ended September 30, 2003, as the Company utilizes excess cash to pay down its line of credit.

At September 30, 2003, the Company had positive working capital of $5.8 million as compared to positive working capital of $6.3 million at December 31, 2002. The Company's current ratio was 1.53 at September 30, 2003 and December 31, 2002, respectively.

In January 2003, the Company and Whitehall Business Credit Corporation ("Whitehall"), as successor to the business of IBJ Whitehall Business Credit Corporation, entered into the Third Amended and Restated Revolving Credit and Security Agreement and related documents (the "New Credit Facility"). The New Credit Facility provides the Company with a $15.0 million revolving credit

facility (the "New Revolving Facility") that matures on January 23, 2006. The New Revolving Facility allows the Company 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 New Revolving Facility bears interest at Whitehall's "Alternate Base Rate" or LIBOR plus two and one-half percent and is secured by all the assets of the Company and its subsidiaries. The New Revolving Facility interest rate was Whitehall's "Alternate Base Rate" of 4.0% per annum at September 30, 2003.

The New Credit Facility replaces a previous 1999 agreement, as amended, between the Company and Whitehall (the "Old Credit Facility") that was scheduled to mature on February 28, 2003. The Old Credit Facility provided for a $15.0 million revolving credit facility (the "Old Revolving Facility"), as well as, a $2.5 million term loan. The Old Revolving Facility allowed the Company to borrow up to $15.0 million based upon a borrowing base formula as defined in the old agreement (principally 85% of "eligible" accounts receivable). The term loan under the Old Credit Facility amortized in equal monthly installments of $83,334 and was repaid in full as of December 31, 2001.

The New Credit Facility contains certain financial covenants (amending, restating and replacing those contained in the Old Credit Facility) that must be met on a consolidated basis, among which are a minimum "Net Worth", a "Fixed Charge Coverage Ratio", a capital expenditure limitation and a minimum EBITDA, as such terms are defined in the respective agreement. The Company was in compliance with such financial covenants at September 30, 2003, except for the "Fixed Charge Coverage Ratio", for which the Company has secured a waiver from Whitehall. The Company's projections indicate that it may be in violation of certain covenants at December 31, 2003 and accordingly outstanding loans under the New Credit Facility have been classified as a current liability until such time as the Company and Whitehall revise such covenants. The Company expects to revise the aforementioned covenants before December 31, 2003.

The balances outstanding on the revolving lines of credit were $4.7 million under the New Revolving Facility at September 30, 2003, and $148,000 under the Old Revolving Facility at December 31, 2002. In addition, the Company had outstanding Letters of Credit of $737,337 at September 30, 2003 and $842,418 at December 31, 2002, respectively. As of September 30, 2003, based upon the borrowing base formula, the SPAR Group had availability of $4.1 million of the $10.3 million unused revolving line of credit under the New Revolving Facility.

As of April 2003, all previously outstanding amounts due certain stockholders under certain notes were paid in full.

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.

In connection with the sale of SPAR Performance Group, Inc. ("SPGI") on June 30, 2002, as disclosed in the Company's Annual Report on Form 10-K in Note 1 to the Financial Statements, the Company sold all of the stock of its subsidiary, SPGI. In connection with the sale, SPGI issued two Term Loans totaling $6.0 million, which due to their speculative nature have been fully reserved. The Company also agreed to provide a discretionary revolving line of credit to SPGI not to exceed $2.0 million (the "SPGI Revolver") through September 30, 2005. The SPGI Revolver is secured by a pledge of all the assets of SPGI and is guaranteed by its parent, Performance Holdings, Inc. The SPGI Revolver provides for advances in excess of the borrowing base through September 30, 2003. As of October 1, 2003, the SPGI Revolver will include a borrowing base calculation (principally 85% of "eligible" accounts receivable). In September 2003, SPGI requested and the Company agreed to provide advances of up to $1.0 million in excess of the borrowing base. Under the SPGI Revolver terms, SPGI is required to deposit all of its cash to the Company's lockbox. At September 30, 2003, there was approximately $700,000 borrowed under the SPGI Revolver of which

approximately $200,000 was secured by eligible accounts receivable.

Due to the speculative nature of the SPGI Revolver, the Company has established a reserve for collection of approximately $800,000 against the $2.0 million SPGI Revolver commitment. This reserve is included in other current liabilities.

CERTAIN CONTRACTUAL OBLIGATIONS

The following table contains a summary of certain of the Company's contractual obligations by category as of September 30, 2003 (in thousands):

CONTRACTUAL OBLIGATIONS	PAYMENTS DUE BY PERIOD				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
New Credit Facility	$4,673	$4,673	$ -	$ -	$ -
Operating Lease Obligations	2,432	946	1,313	173	-
Total	$7,105	$5,619	$1,313	$173	$ -

In addition to the above table, the Company had agreed to provide a discretionary line of credit to SPGI not to exceed $2.0 million through September 30, 2005. At September 30, 2003, the Company had $737,337 in outstanding Letters of Credit.

In May 2001, a subsidiary of SPAR Group International, Inc. and Paltac, Inc. ("Paltac"), a large Japanese distributor, entered into a joint venture to create a Japanese company, SPAR FM. SPAR FM entered into a 300 million Yen Revolving Credit Agreement with a Japanese bank. The bank required Paltac guarantee the outstanding balance on the revolving credit facility. As part of the joint venture agreement, should Paltac be required to make a payment on its guarantee to the bank, then the Company has agreed to remit to Paltac 50% of any such payment up to a maximum of 150 million Yen or approximately $1.2 million. As of September 30, 2003, SPAR FM has borrowed 100 million Yen under its Revolving Credit Agreement. Therefore, the Company's current exposure to Paltac respecting outstanding loans to SPAR FM at September 30, 2003 would be 50 million Yen or approximately $400,000.

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 amount of the line of credit approximates 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.

The Company has no derivative financial instruments or derivative commodity instruments in its cash and cash equivalents and investments. Excess cash is normally used to pay down the revolving line of credit.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

As of September 30, 2003, the Company's Chief Executive Officer, Robert Brown, and Chief Financial Officer, Charles Cimitile, have carried out an evaluation of the effectiveness of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon this evaluation, these officers believe that the Company's disclosure controls and procedures are effective to provide reasonable assurance of the timely disclosure to them of material information related to the Company that is required to be included in its publicly filed reports or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. For a more complete description of their evaluation and conclusions, see Exhibits 31.1 and 31.2 hereto.

CHANGES IN INTERNAL CONTROLS

There was no change during the fiscal quarter ended September 30, 2003, in the Company's internal controls over financial reporting that has materially affected, or would be reasonably likely to materially affect, the Company's internal controls over financial reporting.

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

Item 3(a) Defaults under Indebtedness: None.
Item 3(b) Defaults under Preferred Stock: Not Applicable.

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

The Company held its Annual Meeting of Stockholders on August 7, 2003. The meeting was held (1) to elect the Board of Directors and (2) to ratify the appointment of Ernst & Young LLP as the Company's independent auditors for the year ending December 31, 2003.

The number of votes cast for each proposal are set forth below:

Proposal Number 1 - Election of the Board of Directors:

Name:	For:	Abstention:
Robert G. Brown	17,341,170	335
William H. Bartels	17,341,170	335
Robert O. Aders	17,341,170	335
Jerry B. Gilbert	17,341,170	335
George W. Off	17,341,170	335
Jack W. Partridge	17,341,170	335
Lorrence T. Kellar	17,341,170	335

Each of the nominees was elected to the Board of Directors.

Proposal Number 2 - Ratification of the appointment of Ernst & Young LLP as the Company's independent auditors for the year ending December 31, 2003:

For:	Against:	Abstention:
17,321,518	35	19,952

ITEM 5: OTHER INFORMATION

Not applicable.

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

EXHIBITS.

31.1 Certification of the CEO pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, and filed herewith.

31.2 Certification of the CFO pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, and filed herewith.

32.1 Certification of the CEO pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and filed herewith.

32.2 Certification of the CFO pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and filed herewith.

REPORTS ON FORM 8-K.

On August 12, 2003, the Company filed a Current Report on Form 8-K relating to Item 7, Financial Statements, Pro Forma Financial Information and Exhibits and Item 12, Results of Operations and Financial Condition, reporting the issuance of a press release relating to the Company's financial results for the second quarter ended June 30, 2003.

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: November 13, 2003 SPAR Group, Inc., Registrant

By: /s/ Charles Cimitile

Charles Cimitile
Chief Financial Officer and duly
authorized signatory

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert G. Brown, certify that:

1. I have reviewed this quarterly report of SPAR Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures; and

   c) Presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2003

/s/ Robert G. Brown

Robert G. Brown

Chairman, President and Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Charles Cimitile, certify that:

1. I have reviewed this quarterly report of SPAR Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures; and

   c) Presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2003

/s/ Charles Cimitile

Charles Cimitile
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2003 (the "Report"), by SPAR Group, Inc. (the "Registrant"), the undersigned hereby certifies that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as applicable; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Registrant.

/s/ Robert G. Brown

Robert G. Brown
Chairman, President and Chief Executive Officer

November 13, 2003

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO SPAR GROUP, INC. AND WILL BE RETAINED BY SPAR GROUP, INC., AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2003 (the "Report"), by SPAR Group, Inc. (the "Registrant"), the undersigned hereby certifies that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as applicable; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Registrant.

/s/ Charles Cimitile

Charles Cimitile
Chief Financial Officer

November 13, 2003

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO SPAR GROUP, INC. AND WILL BE RETAINED BY SPAR GROUP, INC., AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.