



August 11, 2003

SPAR Group Reports Second Quarter Results

TARRYTOWN, N.Y.----Aug. 11, 2003--SPAR Group, Inc. (Nasdaq:SGRP - News) today reported financial results for the second quarter and six months ended June 30, 2003.

Net income for the 2003 second quarter amounted to \$608,000, equal to \$0.03 per share, on net revenues of \$17.4 million. For the comparable prior-year period, the company recorded net income of \$1.1 million, or \$0.06 per share, on net revenues of \$17.5 million.

For the 2003 year-to-date period, net income advanced 21.5% to \$1.9 million, equal to \$0.10 per share, from \$1.6 million, or \$0.08 per share, a year ago. Net revenues for the first half of 2003 rose 7.4% to \$36.1 million from \$33.6 million last year.

The company said results for the quarter were impacted primarily by external economic factors affecting the retail sector.

"The second quarter was challenging for retailers throughout the nation, and, hence, for most of our customers," said Bob Brown, SPAR Group's chairman and chief executive officer. "In turn, our customers utilized our services to a lesser degree, restraining our revenues and impacting earnings. Additionally, costs associated with the completion earlier in the year of two acquisitions and a restructuring of our field organization also impacted results. The acquisitions, as well as the field organization restructuring, however, are expected to positively contribute to our performance in the future. However, if these revenue challenges continue during the 3rd and 4th quarter, the Company would fall short of our previously announced goal of \$0.33 in earnings per share for 2003.

"Our business base remains strong, and the company's foundation is solid," Brown said. "We are intensifying our marketing efforts, paying close attention to costs and getting our message across to existing and prospective clients that SPAR's unique merchandising expertise can help enhance their sales and profitability."

SPAR Group, Inc. is a diversified marketing services company, providing a broad array of productivity enhancing products and services to help Fortune 1000 companies improve their sales, operating efficiency and profits. The company provides in-store merchandising, database and research services to general retail, mass market, drug, and grocery chains both throughout the United States and internationally.

Certain statements in this news release are forward-looking, including, but not limited to, benefits from the company's two acquisitions completed earlier in the year and from the field organization restructuring, and involve a number of risks and uncertainties (both known and unknown). The company's actual results, performance and trends could differ materially from those indicated or implied by such statements as a result of various factors, including (without limitation) the continued strengthening of SPAR's selling and marketing functions, continued customer satisfaction and contract renewal, new product development and marketing, continued technological superiority over its competitors, continued availability of capable dedicated personnel, continued cost management, the success of its international efforts, and other factors, as well as by factors applicable to most companies such as general economic, competitive and other business and civil conditions. Information respecting certain of these and other factors that could effect future results, performance or trends are discussed in SPAR Group's annual report on Form 10-K, quarterly reports on Form 10-Q, and other filings made with the Securities and Exchange Commission from time to time.

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

| | Three Months Ended | | Six Months Ended | |
|------------------|--------------------|---------------|------------------|---------------|
| | June 30, 2003 | June 30, 2002 | June 30, 2003 | June 30, 2002 |
| Net Revenues | \$17,351 | \$17,542 | \$36,090 | \$33,588 |
| Cost of revenues | 11,146 | 10,591 | 22,397 | 20,342 |
| Gross profit | 6,205 | 6,951 | 13,693 | 13,246 |

Selling, general and

| | | | | |
|---|--------|---------|---------|---------|
| administrative expenses | 4,768 | 4,675 | 9,711 | 9,642 |
| Depreciation and amortization | 399 | 460 | 777 | 877 |
| Operating income | 1,038 | 1,816 | 3,205 | 2,727 |
| Interest expense | 72 | 38 | 140 | 86 |
| Other (income) expense | (10) | 52 | 28 | 134 |
| Income before provision for income taxes | 976 | 1,726 | 3,037 | 2,507 |
| Provision for income taxes | 368 | 657 | 1,151 | 956 |
| Net Income | \$608 | \$1,069 | \$1,886 | \$1,551 |
| Net Income per common share (basic/diluted) | \$0.03 | \$0.06 | \$0.10 | \$0.08 |
| Weighted average common shares - basic | 18,858 | 18,593 | 18,850 | 18,592 |
| Weighted average common shares - diluted | 19,538 | 19,021 | 19,447 | 19,021 |

SPAR Group, Inc.
Consolidated Balance Sheets
(unaudited)

(In thousands, except share and per share data)

| | June 30, 2003 | December 31, 2002 |
|--|------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$- | \$- |
| Accounts receivable, net | 19,504 | 17,415 |
| Prepaid expenses and other current assets | 1,208 | 783 |
| Deferred income taxes | 707 | 903 |
| Total current assets | 21,419 | 19,101 |
| Property and equipment, net | 2,267 | 1,972 |
| Goodwill | 8,100 | 7,858 |
| Deferred income taxes | 648 | 705 |
| Other assets | 677 | 121 |
| Total assets | \$33,101 | \$29,757 |
| LIABILITIES & STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$958 | \$422 |
| Accrued expenses and other current liabilities | 5,229 | 6,097 |
| Accrued expense due to affiliates | 1,535 | 958 |
| Restructuring charges, current | 772 | 1,354 |
| Due to certain stockholders | - | 3,951 |
| Total current liabilities | 8,494 | 12,782 |
| Line of credit | 6,648 | 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 - June 30, 2003, and | | |
| 18,824,527 - December 31, 2002 | 189 | 188 |
| Treasury Stock | (582) | (30) |
| Additional paid-in capital | 10,951 | 10,919 |
| Retained Earnings | 7,401 | 5,515 |
| Total stockholders' equity | 17,959 | 16,592 |
| Total liabilities and stockholders' equity | \$33,101 | \$29,757 |

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