

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q  
AMENDMENT NO. 1

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

For the second quarterly period ended July 2, 1999

Commission file number: 0-27824

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

Delaware  
State of Incorporation

33-0684451  
IRS Employer Identification No.

19900 MacArthur Blvd., Suite 900, Irvine, CA 92612  
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (949) 476-2200

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 July 30, 1999 there were 18,153,270 shares of Common Stock outstanding.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

OPERATING EXPENSES  
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The following table sets forth the operating expenses as a percentage of net revenues for the periods indicated:

This table was referred to, but omitted in originally filed document

(amount in millions)	Quarter Ended				
	July 3, 1998		July 2, 1999		Change %
	Amount	%	Amount	%	
Field service costs	\$ 28.2	83.2%	\$ 19.6	92.5%	(30.5)%

Selling expenses	2.1	6.2	1.1	5.2	(47.5)
General & Administrative expenses	3.4	10.0	2.7	12.7	(20.6)
Depreciation & amortiation	0.3	0.9	0.3	1.4	(0.0)
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Total Operating Expenses	\$ 34.0	100.3%	\$ 23.7	111.8%	(30.30)%
	=====	=====	=====	=====	=====

For the second quarter of 1999, field service costs decreased \$8.6 million, or 30.5%, to \$19.6 million, as compared to \$28.2 million in the second quarter of 1998. Field service costs are comprised principally of field labor and related costs and overhead expenses required to provide services to both shared and dedicated service clients.

As a percentage of net revenues, field service costs in the second quarter of 1999 increased to 92.5% from 83.2% in the same period last year. The increase in field service costs as a percentage of net revenues in the second quarter of 1999 was due primarily to the fixed cost component of field service costs. However, total field service costs decreased by \$8.6 million due to both declining net revenues and more efficient variable field deployment.

For the quarter ended July 2, 1999, selling expenses decreased \$1.0 million, or 47.6%, to \$1.1 million compared to \$2.1 million in the same period last year. This decrease in costs was a result of a reduction in salaries and related expenses resulting from a reduction in personnel. As a percentage of net revenues, selling expenses decreased to 5.2% in the second quarter of 1999, compared to 6.2% in the second quarter of 1998.

General and administrative expenses decreased 20.6% in the second quarter of 1999 to \$2.7 million, compared to \$3.4 million in the same period of 1998. The decrease in general and administrative costs was due primarily to incentive liabilities recorded in the first two quarters of 1998 and salary and wage staff reductions during the quarter ended July 2, 1999. This decrease was partially offset by a charge for pre-merger transaction costs of \$0.9 million.

OTHER INCOME  
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Interest income decreased in the second quarter of 1999, as compared to the second quarter of 1998, due to lower cash balances available for investment in 1999.

Interest expense increased in the second quarter of 1999 due to borrowing on the bank revolving line of credit.

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.

PIA MERCHANDISING SERVICES, INC.  
(Registrant)

By: /s/ Cathy L. Wood  
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Cathy L. Wood  
Executive Vice President and  
Chief Financial Officer

By: /s/ David J. Faulds  
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David J. Faulds  
Vice President  
Corporate Controller

Dated: September 24, 1999  
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