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SPAR Group Reports Record Earnings Since Merger

TARRYTOWN, N.Y., March 2, 2001 - SPAR Group Inc. (Nasdaq:SGRP) today announced results for its fourth quarter and year ended Dec. 31, 2000, with record earnings since the merger of the SPAR companies and PIA Merchandising Services Inc. (now SPAR Group Inc.) in July 1999.

This represents the sixth consecutive quarter of profitability since the merger.

For the fourth quarter of 2000, SPAR reported net income of \$667,000, or \$0.04 per diluted share, compared with pro forma net income of \$124,000, or \$0.01 per pro forma diluted share, in 1999. Revenues for the same period were \$27.8 million compared with \$38.6 million in the fourth quarter of 1999.

For the twelve months ended Dec. 31, 2000, SPAR reported net income of \$1,298,000, or \$0.07 per diluted share, compared with pro forma net income of \$1,242,000, or \$0.08 per diluted share, in 1999. Revenues for the year were \$110.9 million compared with \$116.5 million in 1999. The year 1999 only includes PIA results from July 8, 1999.

"We are encouraged by our accomplishments over the past year, particularly the completion of the PIA integration in the third quarter. SPAR's improved performance is evidence of our focused efforts, positioning us to take advantage of the opportunities in the marketplace," said Bob Brown, SPAR Group's chairman and chief executive officer.

"We are extremely optimistic about the opportunities that exist for our merchandising division. We believe our technology provides us with a significant competitive edge in the marketplace, allowing us to bring higher quality products to our clients. As a result, we currently have a number of significant new business proposals outstanding in this sector with several leading domestic manufacturers and retailers."

In March 2000, SPAR announced the formation of a new Internet Division to market its application software products and services. "We are gratified by our progress and the signing of initial clients in this segment," Brown said.

During 2000, the company established an International Division, with an initial focus on expanding its merchandising services to the Pacific Rim region. Brown noted that this business segment is proceeding according to plan in Japan.

"Once again, our superior technology is key," said Brown. "We have converted all of our necessary systems to Japanese. These systems will be housed in our Detroit facility and will be run from Japan 24 hours a day seven days a week."

"We are excited about these and other future opportunities and have targeted a goal of a 100 percent growth in SPAR's net income for 2001," Brown said.

SPAR Group Inc., a diversified marketing services company, provides a broad array of productivity enhancing products and services to help Fortune 1000 companies improve their sales, operating efficiency and profits. Organized into four operating divisions, SPAR provides in-store merchandising, database and research services through its Merchandising Division in general retail, mass market, drug and grocery chains.

Through its Incentive Division, the company provides a wide variety of consulting, creative, program administration, travel and merchandising fulfillment services to companies seeking to retain, train, and motivate employees to higher levels of productivity. Through its Internet Division, the company provides a series of Internet productivity improvement applications designed to help companies increase operating efficiencies and train employees in remote locations. SPAR's International Division, through a joint venture with a large Japanese wholesaler, is poised to provide in-store merchandising, database and research services in general retail, mass market, drug and grocery chains.

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

SPAR Group Inc.

Condensed Consolidated and Combined Statements of Operations

(unaudited) (In thousands, except per share data)

	Three Months Ended		Twelve Months Ended	
	Dec. 31, 2000	Dec. 31, 1999	Dec. 31, 2000	Dec. 31, 1999
Net revenues	\$ 27,816	\$ 38,576	\$ 110,884	\$ 116,525
Cost of revenues	18,077	28,367	74,339	81,288
Gross profit	9,739	10,209	36,545	35,237
Selling, general and administrative expenses	7,887	8,403	30,433	28,830
Depreciation and amortization	1,117	964	3,564	2,182
Operating income	735	842	2,548	4,225
Interest expense	703	551	2,121	1,662
Other (income) expense	--	(38)	(786)	(90)
Income before provision for income taxes	32	329	1,213	2,653
Nonrecurring charge for termination of Subchapter selection	--	--	--	3,100
Provision for income taxes C corporation taxes	(635)	25	(85)	48
Net income (Loss)	\$ 667	\$ 304	\$ 1,298	\$ (495)
Unaudited pro forma information:				
Income before income tax provision	\$ 32	\$ 329	\$ 1,213	\$ 2,653
Actual/Pro forma income tax provision	(635)	205	(85)	1,411
Actual/Pro forma net income	\$ 667	\$ 124	\$ 1,298	\$ 1,242
Actual/Pro forma basic earnings per share	\$ 0.04	\$ 0.01	\$ 0.07	\$ 0.08
Actual/Pro forma basic weighted average common shares	18,176	18,155	18,173	15,361
Actual/Pro forma diluted earnings per share	\$ 0.04	\$ 0.01	\$ 0.07	\$ 0.08
Actual/Pro forma diluted weighted average common shares	18,304	18,293	18,303	15,367

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