



February 21, 2002

SPAR Group Reports Fourth Quarter/Year-End Results; Income From Continuing Operations Up 53% for Year

TARRYTOWN, N.Y. -- Feb. 21, 2002 -- SPAR Group, Inc. (Nasdaq:SGRP) today announced results for its fourth quarter and year ended December 31, 2001, with a significant increase in income from continuing operations for the three and twelve month periods.

Income from continuing operations for the fourth quarter of 2001 more than doubled to \$2.0 million, or \$0.11 per diluted share, from \$1.0 million, or \$0.06 per diluted share, a year ago. Due to a non-cash charge for the impairment of goodwill resulting from the company's previously announced plans to divest its Incentive Marketing Division, the company reported a net loss for the fourth quarter of \$3.3 million, or \$0.18 per share, compared with net income of \$0.7 million, or \$0.04 per diluted share, a year earlier. Revenues from continuing operations for the fourth quarter of 2001 were \$20.8 million compared with \$18.4 million in the fourth quarter a year ago.

For the twelve months ended December 31, 2001, income from continuing operations increased 53 percent to \$4.2 million, or \$0.23 per diluted share, compared with \$2.7 million, or \$0.15 per diluted share, last year. As a result of the non-cash charge in the fourth quarter of 2001, the company reported a net loss for the year of \$1.7 million, or \$0.09 per share, compared with net income of \$1.3 million, or \$0.07 per diluted share, a year ago. Revenues from continuing operations for 2001 were \$70.9 million compared with \$81.5 million in 2000. Revenues for 2001 reflect discontinued in-store merchandising programs previously contracted with PIA Merchandising Co. Inc., a subsidiary of PIA Merchandising Services, Inc., which SPAR Group acquired in July 1999 and completed integrating in the third quarter of 2000.

"The company's strong performance from continuing operations for the year reflects management's focus on its core business. Moving forward, we will continue that focus and provide our clients with innovative cost effective solutions that maximize their returns and expand our position as a leader in the marketing services arena," said Bob Brown, SPAR Group's chairman and chief executive officer.

Brown noted the company met its previous estimate of \$0.14 per diluted share for 2001 from the combined operations of both continuing and discontinued operations. He remains optimistic regarding his previous estimate of \$0.28 per share from continuing operations in 2002 even though the first quarter of 2002 does not appear strong.

He noted that Selling, General and Administrative expenses from continuing operations for the year improved with a 22 percent decrease to \$19.4 million from \$24.8 million in 2000, and Earnings Before Interest Taxes Depreciation and Amortization from continuing operations improved with a 66 percent increase to \$10.6 million compared with \$6.4 million a year earlier.

"Our clients appreciate the importance of being competitive, improving retailing efficiency and distinguishing their products in the marketplace, and SPAR is uniquely positioned to help in this regard by providing marketing services that deliver measurable results.

"We are encouraged by the increasing opportunities within the marketing and retailing business segments as we begin our new year and expect to further capitalize on the company's investment in technology and Internet applications to support our field operations, as well as other innovative products and services," Brown said.

As previously announced, the company is exploring strategic alternatives for its Incentive Marketing Division, including the sale of the business to employees through the establishment of an employee stock ownership plan. The Incentive Marketing Division, which had revenues of \$31.3 million for the year ended December 31, 2001, is engaged in designing and implementing premium incentives, managing group meetings and group travel for clients throughout the United States, including administrative, travel and merchandise fulfillment services, to companies seeking to motivate employees, salespeople, dealers, distributors and retailers.

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. SPAR is organized into four operating divisions. SPAR's Merchandising Division provides in-store merchandising, database and research services to general retail, mass market, drug, and grocery chains. SPAR's Incentive Division 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. SPAR's Internet Division offers a series of Internet-based productivity improvement applications designed to help clients 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 in the Far East.

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 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 Statements of Operations
(unaudited)
(in thousands, except per share data)

	Three Months Ended		Twelve Months Ended	
	Dec. 31, 2001	Dec. 31, 2000	Dec. 31, 2001	Dec. 31, 2000
Net revenues	\$20,834	\$18,376	\$70,891	\$81,459
Cost of revenues	10,606	10,249	40,883	50,278
Gross profit	10,228	8,127	30,008	31,181
Selling, general, and administrative expenses	5,569	6,361	19,380	24,761
Depreciation and amortization	680	820	2,682	2,383
Operating income	3,979	946	7,946	4,037
Interest expense	109	428	561	1,326
Other expense (income)	107	(4)	107	(790)
Income from continuing operations before income taxes	3,763	522	7,278	3,501
Provision for (benefit from) income taxes	1,718	(490)	3,123	780
Income from continuing operations	2,045	1,012	4,155	2,721
Discontinued operations:				
Loss from operations of business to be sold, net	(1,060)	(320)	(1,597)	(1,399)
Estimated loss on business to be sold, net	(4,272)	0	(4,272)	0
	(5,332)	(320)	(5,869)	(1,399)
Net (loss) income	\$(3,287)	\$ 692	\$(1,714)	\$ 1,322
Basic/diluted net income (loss) per common share:				
Income from continuing				

operations	\$ 0.11	\$ 0.06	\$ 0.23	\$ 0.15
Discontinued operations:				
Loss from operations of business to be sold	(0.06)	(0.02)	(0.09)	(0.08)
Estimated loss on business to be sold	(0.23)	--	(0.23)	--
	(0.29)	(0.02)	(0.32)	(0.08)
Net (loss) income	\$ (0.18)	\$ 0.04	\$ (0.09)	\$ 0.07
Weighted average shares				
outstanding-basic	18,582	18,176	18,389	18,185
Weighted average shares				
outstanding-diluted	18,957	18,304	18,467	18,303

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

	December 31, 2001	December 31, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	\$ --	\$ --
Accounts receivable, net	21,144	19,471
Prepaid expenses and other current assets	440	612
Deferred income taxes	3,334	1,718
Total current assets	24,918	21,801
Property and equipment, net	2,644	3,132
Goodwill and other intangibles, net	8,357	10,350
Deferred income taxes	296	1,082
Other assets	110	143
Net assets from discontinued operations	4,830	11,564
Total assets	\$ 41,155	\$ 48,072
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 440	\$ 1,846
Accrued expenses and other current liabilities	5,871	9,193
Restructuring and other charges	667	2,205
Due to certain stockholders	2,652	3,505
Current portion of long-term debt	57	1,211
Net liabilities from discontinued operations	5,732	6,091
Total current liabilities	15,419	24,051

Line of credit and long-term liabilities, net of current portion	11,287	8,025
Long-term debt due to certain stockholders	2,000	2,160
Restructuring and other charges, long-term	1,515	1,596

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 --

18,582,615 -- 2001 and

18,272,330 -- 2000 186 182

Additional paid-in capital 10,531 10,127

Retained earnings 217 1,931

Total stockholders' equity 10,934 12,240

Total liabilities and
stockholders' equity \$ 41,155 \$ 48,072

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