



August 2, 2002

## SPAR Group Reports Second Quarter Results

### Income From Continuing Operations Up 52 Percent for Quarter

TARRYTOWN, N.Y., Aug. 2, 2002 -- SPAR Group, Inc. (Nasdaq:SGRP) today announced results for its second quarter ended June 30, 2002, reflecting strength of the company's core marketing services business.

Income from continuing operations for the second quarter climbed 52 percent to \$1.07 million, or \$0.06 per diluted share, from \$703,000, or \$0.04 per diluted share, a year earlier. Net income for the second quarter was \$1.07 million, or \$0.06 per diluted share, compared with \$319,000, or \$0.02 per diluted share, last year. Revenues for the quarter were \$17.5 million compared with \$16.1 million a year ago. Results in the second quarter of 2001 included a loss from discontinued operations of \$384,000.

For the six months ended June 30, 2002, income from continuing operations increased 45 percent to \$1.6 million, or \$0.08 per diluted share, from \$1.1 million, or \$0.06 per diluted share, in the same period a year ago. Net income for the six months increased to \$1.6 million, or \$0.08 per diluted share, from \$996,000, or \$0.05 per diluted share, last year. Revenues for the first half of 2002 were \$33.6 million compared with \$31.0 million in the comparable 2001 period.

"SPAR merchandising services measurably improve our clients' sales and profits. We believe that the revenue growth for the first half was primarily due to clients increasing their use of our merchandising services as they realize these benefits," said Bob Brown, SPAR Group's chairman and chief executive officer. "The improved second quarter results also reflect our continued management of operating expenses and the company's balance sheet," Brown added.

Based upon the current business environment, Brown indicated he remains optimistic regarding the company's previous estimate of achieving \$0.28 per diluted share from continuing operations for 2002.

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 three operating divisions. The Merchandising Division provides in-store merchandising, database and research services to general retail, mass market, drug and grocery chains. The Technology 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, provides in-store merchandising services to the Japanese market.

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		Six Months Ended	
	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001
Net revenues	\$ 17,542	\$ 16,091	\$ 33,588	\$ 31,032
Cost of revenues	10,591	9,860	20,342	18,608
Gross profit	6,951	6,231	13,246	12,424
Selling, general and administrative expenses	4,675	4,210	9,642	8,986

Depreciation and amortization	460	680	877	1,310
Operating income	1,816	1,341	2,727	2,128
Interest expense	38	172	86	326
Other expense	52	0	134	0
Income before provision for income taxes	1,726	1,169	2,507	1,802
Provision for income taxes	657	466	956	732
Income from continuing operations	1,069	703	1,551	1,070
Loss from discontinued operations, net	0	(384)	0	(74)
Net Income	\$ 1,069	\$ 319	\$ 1,551	\$ 996
Basic/diluted net income (loss) per common share:				
Income from continuing operations	\$ 0.06	\$ 0.04	\$ 0.08	\$ 0.06
Loss from discontinued operations, net	0.00	(0.02)	0.00	(0.01)
Net Income	\$ 0.06	\$ 0.02	\$ 0.08	\$ 0.05
Weighted average common shares - basic	18,593	18,272	18,592	18,272
Weighted average common shares - diluted	19,021	18,336	19,021	18,329

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

	June 30, 2002	December 31, 2001
Assets		
Current Assets:		
Cash and cash equivalents	\$ --	\$ --
Accounts receivable, net	21,084	21,144
Prepaid expenses and other current assets	446	440
Deferred income taxes	3,241	3,241
Total current assets	24,771	24,825
Property and equipment, net	1,926	2,644
Goodwill and other intangibles, net	8,357	8,357
Deferred income taxes	389	389
Other assets	374	110
Net long-term assets from		

discontinued operations	0	4,830
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Total assets	\$ 35,817	\$ 41,155
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Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 747	\$ 440
Accrued expenses and other current liabilities	7,013	5,868
Restructuring and other charges, current	1,426	1,597
Due to certain stockholders	2,455	2,655
Current portion of long-term debt	0	57
Net current liabilities discontinued operations	0	5,732
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Total current liabilities	11,641	16,349
Line of credit and long-term liabilities, net of current portion	9,100	11,287
Long-term debt due to certain stockholders	2,000	2,000
Restructure and other charges, long-term	578	585
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 -		
18,600,628 - June 30, 2002, and		
18,585,615 - December 31, 2001	186	186
Additional paid-in capital	10,544	10,531
Retained Earnings	1,768	217
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Total stockholders' equity	12,498	10,934
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Total liabilities and stockholders' equity	\$ 35,817	\$ 41,155
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