



November 7, 2005

SPAR Group Reports Financial Results for 2005 Third Quarter

TARRYTOWN, N.Y., Nov 7, 2005 -- SPAR Group, Inc. (SGRP) today reported financial results for the third quarter and nine months ended September 30, 2005.

Net revenues for the 2005 third quarter increased 3.5% to \$11.1 million from \$10.7 million in the corresponding prior year period. The company sustained a net loss for the 2005 third quarter of \$1.1 million, equal to a loss of \$0.06 per share, compared with net income of \$210,000, or \$.01 per share, last year.

The gross margin percentage for the 2005 third quarter amounted to 31.3%, versus 34.8% in the corresponding period last year. Selling, general and administrative expenses for the 2005 period were \$4.2 million, the same as that of the preceding second quarter and slightly higher than the \$4.0 million of the prior year's third quarter.

For the first nine months of 2005, net revenues rose 8.4% to \$38.4 million from \$35.4 million for the comparable prior year period. SPAR Group registered net income of \$144,000, equal to \$0.01 per share, for the year-to-date period of 2005, compared with a net loss of \$12.8 million, or \$0.68 per share, last year. The loss for 2004 period included impairment and tax charges totaling \$9.4 million.

Robert G. Brown, SPAR Group's chairman and chief executive officer, said, "The third quarter loss is attributable principally to our domestic merchandising business, which remains challenging. However, I am pleased to report that our international division continued its strong growth momentum. During the quarter, we announced the launch of joint ventures in China and Lithuania, and we look forward to further growth and expansion of our overseas business in the years to come."

International revenues for the 2005 third quarter increased to \$3.6 million from \$1.4 million last year, with operating profits of \$135,000, compared with an operating loss of \$323,000 a year ago. The increase in revenue reflects \$1.4 million of revenue resulting from the consolidation of the joint venture in Japan that was not consolidated in the prior year period, as well as continued increases in Canada and India, slightly offset by decreases in South Africa.

Revenue in the U.S. for the 2005 third quarter amounted to \$7.5 million, compared with \$9.2 million a year ago, with a quarterly operating loss of \$1.1 million, versus a loss of \$260,000 last year.

"While we are still feeling the impact of the loss of a major customer in 2004, going forward we are optimistic about our domestic business," Brown added. "We expect improvements in the fourth quarter of 2005 and in 2006. In 2006, we hope to increase our merchandising business with new clients obtained in 2005 and late 2004. We are also excited about new products developed for our event staffing business."

With joint venture partners in Japan, Turkey, South Africa, India, Romania, Lithuania and China, as well as operations in Canada and the United States, SPAR Group, Inc. is a diversified international marketing services company, providing a broad array of services to help companies improve their sales, operating efficiency and profits at retail worldwide. The company provides in-store merchandising, in-store event staffing, RFID and other technology, as well as research to manufacturers and retailers covering all product classifications and all classes of trade, including mass market, drug store, electronic store, convenience store and grocery chains, throughout the United States and internationally. For more information, visit the company's Web site, www.sparinc.com.

Certain statements in this news release are forward-looking, including, but not limited to further growth and expansion of the company's international operation and, improvement in its domestic merchandising business. 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 Group's selling and marketing functions, continued customer satisfaction and contract renewal, new product development, continued availability of capable dedicated personnel, continued cost management, the success of its international efforts, success and availability of acquisitions, availability of financing and other factors, as well as by factors applicable to most companies such as general economic, competitive and other business and civil conditions. Information regarding certain of these and other factors that could affect 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.

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

	Three Months Ended		Nine Months Ended	
	September	September	September	September
	30,	30,	30,	30,
	2005	2004	2005	2004
Net Revenues	\$11,060	\$10,683	\$38,381	\$35,418
Cost of revenues	7,595	6,963	24,414	24,474
Gross profit	3,465	3,720	13,967	10,944
Selling, general and administrative expenses	4,214	4,028	12,712	14,471
Impairment Charges	-	-	-	8,141
Depreciation and amortization	261	275	812	1,005
Operating (loss) income	(1,010)	(583)	443	(12,673)
Interest expense	29	29	102	127
Other income	-	773	14	764
(Loss) income before provision for income taxes and minority interests	(1,039)	161	355	(12,036)
Provision for income taxes	15	15	45	783
(Loss) income before minority interest	(1,054)	146	310	(12,819)
Minority interest	88	(64)	166	(64)
Net (loss) income	\$(1,142)	\$210	\$144	\$(12,755)
Basic/diluted net (loss) income per common share:				
Net (loss) income - basic/diluted	\$(0.06)	\$0.01	\$0.01	\$(0.68)
Weighted average common shares - basic	18,899	18,859	18,876	18,859
Weighted average common shares - diluted	18,899	19,206	19,388	18,859

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

September December
30, 31,
2005 2004

(Unaudited)

Assets

Current Assets:

Cash and cash equivalents	\$1,813	\$887
Accounts receivable, net	8,758	11,307
Prepaid expenses and other current assets	662	657

Total current assets

11,233 12,851

Property and equipment, net

1,112 1,536

Goodwill

798 798

Other assets

89 636

Total assets

\$13,232 \$15,821

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Liabilities and stockholders' equity

Current liabilities:

Accounts payable	\$1,592	\$2,158
Accrued expenses and other current liabilities	2,635	2,391
Accrued expense due to affiliates	770	987
Restructuring charges	99	250
Customer Deposits	1,523	1,147
Lines of credit	2,418	4,956

Total current liabilities

9,037 11,889

Other long-term liabilities

53 12

Minority Interest

209 206

Total liabilities

9,299 12,107

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-

18,881,397 - September 30, 2005

18,858,972 - December 31, 2004

189 189

Treasury Stock

(1) (108)

Additional paid-in capital

11,077 11,011

Accumulated other comprehensive loss

(184) (86)

Accumulated deficit

(7,148) (7,292)

Total stockholders' equity

3,933 3,714

Total liabilities and stockholders' equity

\$13,232 \$15,821

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