



October 31, 2001

Spar Group Reports Third Quarter Results -- Net Income Up More Than Five Fold

EPS Triples

TARRYTOWN, N.Y., Oct 31, 2001 -- SPAR Group Inc. (Nasdaq:SGRP) today announced results for its third quarter ended September 30, 2001, with net income climbing more than five fold, earnings per share tripling and revenues increasing 22.6 percent over last year.

For the third quarter of 2001, SPAR reported net income of \$583,000, or \$0.03 per diluted share, compared with net income of \$100,000, or \$0.01 per diluted share, a year ago. Revenues for the third quarter of 2001 were \$27.4 million compared with \$22.3 million in the third quarter a year ago.

For the nine months ended September 30, 2001, net income increased 150 percent to \$1.6 million, or \$0.09 per diluted share, compared with net income of \$630,000, or \$0.03 per diluted share. Revenues for the same period of 2001 were \$78.6 million compared with \$83.1 million in the comparable 2000 period. Revenues for the 2001 nine-month period 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.

"Our strong results for the third quarter reflect increased revenues from new and existing customers in both the company's merchandising and incentive divisions," said Bob Brown, SPAR Group's chairman and chief executive officer.

He noted that while a number of retailers and manufacturers have been impacted by the economic slowdown and the effect of the September 11th terrorist attacks, SPAR's Internet-based information management technology continues to attract manufacturers, retailers and other clients who seek efficient and cost-effective marketing services.

"Given the economic environment, our clients appreciate the importance of being competitive, improving retailing efficiency and utilizing innovative incentive marketing programs. Our goal is to continue to leverage SPAR's technology and capitalize on the numerous opportunities within the broad marketing and retailing business segments," Brown said.

He indicated the company remains optimistic regarding its targets of \$0.14 per share earnings from operations for the year 2001 and \$0.28 per share in 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 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		Nine Months Ended	
September 30,		September 30,	
2001	2000	2001	2000

Net revenues	\$ 27,379	\$ 22,332	\$ 78,566	\$ 83,068
Cost of revenues	18,958	14,105	53,773	56,249
Gross profit	8,421	8,227	24,793	26,819
Selling, general and administrative expenses	6,196	6,721	18,267	22,560
Depreciation and amortization	982	808	2,871	2,447
Operating income	1,243	698	3,655	1,812
Interest expense	315	467	1,035	1,418
Other (income) expense	--	--	--	(786)
Income before provision for income taxes	928	231	2,620	1,180
Provision for income taxes	345	131	1,044	550
Net income	\$ 583	\$ 100	\$ 1,576	\$ 630
Actual basic earnings per share	\$ 0.03	\$ 0.01	\$ 0.09	\$ 0.03
Actual basic weighted average common shares	18,272	18,176	18,272	18,165
Actual diluted earnings per share	\$ 0.03	\$ 0.01	\$ 0.09	\$ 0.03
Actual diluted weighted average common shares	18,391	18,297	18,350	18,290

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

	September 30, 2001 (unaudited)	December 31, 2000 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ --	\$ --
Accounts receivable, net	23,340	23,207
Prepaid expenses and other current assets	1,349	880
Prepaid program costs	2,424	3,542
Deferred Income Taxes	1,718	1,718
Total current assets	28,831	29,347
Property and equipment, net	3,120	3,561
Goodwill and other intangibles, net	19,962	21,485
Deferred income taxes	1,082	1,082
Other assets	223	143
Total assets	\$53,218	\$55,618
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,108	\$ 5,849
Accrued expenses and other current liabilities	10,116	10,178
Deferred revenue	4,684	8,581
Restructuring and other charges, current	1,739	2,205
Due to certain stockholders, current	3,062	3,505
Current portion of long-term debt	380	1,211
Total current liabilities	23,089	31,529
Line of credit and long-term liabilities, net of current		

portion	13,503	8,093
Long-term debt due to certain stockholders	2,059	2,160
Restructuring and other charges, long-term	751	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		
-- 18,272,330 as of		
September 30, 2001 and		
December 31, 2000	182	182
Additional paid-in capital	10,127	10,127
Retained earnings	3,507	1,931
Total stockholders' equity	13,816	12,240
Total liabilities and stockholders' equity	\$53,218	\$55,618

Contacts:

Charles Cimitile, 914/332-4100

or

PondelWilkinson MS&L

Gary S. Maier, 310/207-9300