



May 6, 2010

SPAR Group Announces 2010 First Quarter Financial Results

Company Reports 2010 First Quarter Net Income vs. 2009 First Quarter Net Loss and Gross Profit Margin Improves to 33%

TARRYTOWN, N.Y., May 6, 2010 -- SPAR Group, Inc. (Nasdaq:SGRP) (the "Company" or "SPAR"), a leading supplier of retail merchandising and other marketing services throughout the United States and internationally, today announced the first quarter financial results for 2010.

"During the first quarter of 2010 we realized several financial improvements that were a direct result of our improved cost structure and continued focus on gross profit margin enhancement," stated Gary Raymond, President and Chief Executive Officer of SPAR Group. "Our domestic core business in 2010 outperformed last year and with the successful integration of the National Marketing Services ("NMS") acquisition, SPAR realized an increase of over 33% in domestic revenue and positive net income for the three months ended March 31, 2010. Since completing the NMS transaction we have focused our efforts on a seamless transition to provide exceptional service to the existing client base while continuing to build and grow these relationships throughout 2010. In addition, we are well on our way in successfully integrating our most recent acquisition, Wings & Ink, which will further fuel our top line growth during 2010."

Gary Raymond continued, "We have also made a dedicated effort to continue enhancing our margins by managing our costs and improving operating efficiencies. During the quarter we improved our margins domestically to 37%, internationally to 27% and overall to 33%. For the remainder of 2010 we will continue to evaluate our cost structure worldwide and business relationships to ensure that we are maximizing the value of our marketing and merchandising services and ultimately bring that value to our shareholders."

First Quarter Financial Results for Period Ending March 31, 2010

Revenue for the quarter ending March 31, 2010 totaled \$13.1 million, a decrease of 14%, compared to \$15.2 million for the first quarter ending March 31, 2009. Domestic revenue for the same period in 2010 increased 33% to \$7.5 million compared to \$5.7 million for the same period in 2009. The increase in domestic revenue was partially a result of an increase in new business opportunities and expansion in the Company's core businesses along with the full integration of the NMS acquisition that closed at the end of the fourth quarter 2009. International revenue decreased 41% to \$5.6 million during that period in 2010 compared to \$9.5 million during 2009. The primary reasons for the decrease in International revenue reflects the loss of the sales promotion business resulting from the change in ownership in the Japan subsidiary and the timing of a key repetitive promotional project in Canada which occurred in the first quarter 2009 but has been shifted to a later quarter in 2010.

Cost of revenue for the first quarter of 2010 totaled \$8.9 million, a decrease of 20% compared to \$11.1 million for the same period in 2009. Gross profit increased 4% to \$4.3 million for the first quarter of 2010 compared to \$4.1 million for the first quarter of 2009. These results yielded an improved gross margin of 33% for the first quarter of 2010 compared to 27% for the first quarter of 2009. Domestically, gross profit margin improved to 37% for the same period in 2010 compared to 35% in 2009. Internationally, although revenue was down, gross profit margins improved to 27% for the first quarter of 2010 compared to 22% for the same period in 2009.

Net income for the first quarter of 2010 totaled \$36,000 compared to a net loss of \$195,000 for the same period in 2009. Domestically, net income for the same period in 2010 totaled \$139,000 compared to a net loss of \$121,000 for the same period in 2009. Internationally, net loss for the first quarter of 2010 totaled \$103,000 compared to a net loss of \$74,000 for the same period in 2009.

Balance Sheet for Period Ending March 31, 2010

Total current assets and total assets were \$11.9 million and \$16.3 million, respectively. Cash and cash equivalents totaled \$1.0 million. Total current liabilities and total liabilities were \$12 million at March 31, 2010. Total equity was \$4.0 million for the period ending March 31, 2010.

"We are very pleased with the margin improvements we have made to both our domestic and international businesses and the increased profitability year to year. Today, especially as the economy continues to improve, SPAR stands as a stronger and better positioned company to succeed and capitalize on current and future opportunities. As we have stated in the past, we are continuing to evaluate strategic acquisitions that will further enhance our market penetration and expand our service offerings," concluded Mr. Raymond.

The Company will file the Form 10-Q with the Securities and Exchange Commission on or before May 14th and host a shareholder conference call the week of May 17th.

About SPAR Group

SPAR Group, Inc. is a diversified international merchandising and marketing services company that provides a broad array of services worldwide to help companies improve their sales, operating efficiency and profits at retail locations. SPAR Group provides product services, project services, in-store events, radio frequency identification ("RFID"), technology services and marketing research covering all product and trade classifications, including mass market, drug store, convenience store and grocery chains. Product services include product additions; placement, reordering, replenishment, labeling, evaluation and deletions, and project services include seasonal and special product promotions, product recalls and complete setups of departments and stores. The company operates throughout the United States and internationally in 11 of the most populated countries, including China and India. For more information, visit the SPAR Group's Web site at <http://www.sparinc.com/>.

Certain statements in this news release and such conference call are forward-looking, including (without limitation) growing revenues and profits through acquisitions, attracting new business that will increase SPAR Group's revenues, continuing to maintain costs and consummating any transactions. Undue reliance should not be placed on such forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond the company's control. 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 those and other risk factors and cautionary statements that could affect future results, performance or trends are discussed in SPAR Group's most recent 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. All of the company's forward-looking statements are expressly qualified by all such risk factors and other cautionary statements.

SPAR Group, Inc.
Consolidated Statements of Operations
(unaudited)
(in thousands, except per share data)

	Three Months Ended	
	March 31, 2010	March 31, 2009
Net revenues	\$ 13,128	\$ 15,171
Cost of revenues	8,857	11,073
Gross profit	4,271	4,098
Selling, general, and administrative expense	3,973	3,968
Depreciation and amortization	259	262
Operating income (loss)	39	(132)
Interest expense	35	61
Other loss (income)	3	(187)
Income (loss) before provision	-----	-----

for income taxes	1	(6)
Provision for income taxes	17	149
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Net (loss)	(16)	(155)
Net (income) loss attributable to the non-controlling interest	(52)	40
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Net income (loss) attributable to SPAR Group Inc.	\$ 36	\$ (195)
	=====	=====
Basic/diluted net income (loss) per common share:		
Net income (loss) - basic/diluted	\$ 0.00	\$ (0.01)
	=====	=====
Weighted average common shares - basic	19,139	19,139
	=====	=====
Weighted average common shares - diluted	20,269	19,139
	=====	=====

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

	March 31, 2010	December 31, 2009

	(unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 961	\$ 1,659
Accounts receivable, net	9,939	10,231
Prepaid expenses and other current assets	1,005	1,182

Total current assets	11,905	13,072
Property and equipment, net	1,619	1,550
Goodwill	798	798
Other assets	2,009	1,931

Total assets	\$ 16,331	\$ 17,351
	=====	
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 3,173	\$ 3,819
Accrued expenses and other current		

liabilities	2,638	2,226
Accrued expense due to affiliates	1,815	1,436
Customer Deposits	555	477
Lines of credit	3,808	4,862
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Total current liabilities	11,989	12,820
Other long-term liabilities	-	-
	-----	-----
Total liabilities	11,989	12,820
Equity:		
Preferred stock, \$.01 par value:		
Authorized shares - 3,000,000		
Issued and outstanding shares -		
554,402	6	6
Common stock, \$.01 par value:		
Authorized shares - 47,000,000		
Issued and outstanding shares		
- 19,139,365 - March 31, 2010		
and December 31, 2009	191	191
Treasury Stock	(1)	(1)
Additional paid-in capital	13,135	13,099
Accumulated other comprehensive		
(loss) gain	(429)	(220)
Accumulated deficit	(8,939)	(8,975)
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Total SPAR Group, Inc. equity	3,963	4,100
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Non-Controlling interest	379	431
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Total liabilities and equity	\$ 16,331	\$ 17,351
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