



March 14, 2004

SPAR Group Reports Financial Results for 2004 First Quarter

TARRYTOWN, N.Y., May 14, 2004 -- SPAR Group, Inc. (SGRP) today reported financial results for the first quarter ended March 31, 2004.

For the 2004 period, SPAR incurred a net loss of \$790,000, equal to \$0.04 per share, on net revenues of \$12.8 million, compared with net income of \$1.3 million, or \$0.07 per diluted share, on net revenues of \$18.7 million in the first quarter of 2003.

"First quarter financial results showed improvement over the preceding quarter," said Robert G. Brown, SPAR Group's chairman and chief executive officer. "However, the company's performance as compared with the prior year's first quarter was impacted by the completion of a major project last year that did not recur this year and the loss of two key clients.

"We continue to build for the future and believe that our acquisitions of product demonstration companies earlier this year and last year, our recruitment of former executives of National MegaForce, our recently announced joint venture in India and other international efforts will pay handsome dividends over time," Brown said. "In addition, we continue to make excellent progress enhancing efficiencies and implementing our cost reduction program, which we anticipate will continue for the balance of this year.

"Our entire company is fully committed to returning SPAR to sustained profitability," Brown said. "Although the investments we are making today in product demos, local merchandising, international expansion and technology, including RFID, are currently contributing to our short-term losses, we believe these investments will help move the company forward and have a long-term positive impact on our results."

SPAR Group, Inc. is a diversified international marketing services company, providing a broad array of productivity-enhancing products and services to help Fortune 1000 companies improve their sales, operating efficiency and profits. The company provides in-store merchandising, in-store demonstrations, technology and research to manufacturers and retailers covering all product classifications and all classes of trade, including mass market, drug store and grocery chains, throughout the United States and internationally.

Certain statements in this news release are forward-looking, including, but not limited to, benefits to be derived from the company's acquisition of in-store demonstration companies, recruitment, India joint venture, other international efforts, and programs to enhance efficiencies, reduce costs and stimulate revenue growth. 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's selling and marketing functions, continued customer satisfaction and contract renewal, new product development, continued technological superiority over its competitors, continued availability of capable dedicated personnel, continued cost management, the success of its international efforts, success and availability of acquisitions, and other factors, as well as by factors applicable to most companies such as general economic, competitive and other business and civil conditions. Information respecting certain of these and other factors that could effect 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.

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

Three Months Ended

	March 31, 2004	March 31, 2003
Net revenues	\$12,803	\$18,739
Cost of revenues	8,694	11,251

Gross profit	4,109	7,488
Selling, general and administrative expenses	4,967	4,943
Depreciation and amortization	362	378
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Operating (loss) income	(1,220)	2,167
Interest expense	34	68
Other expense	1	38
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(Loss) income before provision for income taxes	(1,255)	2,061
(Benefit) provision for income taxes	(465)	783
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Net (loss) income	\$(790)	\$1,278
	=====	=====
Basic/diluted net (loss) income per common share:		
Net (loss) income	\$(0.04)	\$0.07
Weighted average common shares - basic	18,859	18,841
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Weighted average common shares - diluted	18,859	19,443
	=====	=====

SPAR Group, Inc.
Consolidated Balance Sheets
(unaudited)

(in thousands, except share and per share data)

	March 31, 2004	December 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable, net	11,401	13,942
Prepaid expenses and other current assets	964	415
Deferred income taxes	1,873	1,305
Total current assets	14,238	15,662
Property and equipment, net	2,038	2,099
Goodwill	9,201	8,749
Deferred income taxes	434	434
Other assets	630	926
Total assets	\$ 26,541	\$ 27,870
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,596	\$ 1,445
Accrued expenses and other current		

liabilities	2,220	4,367
Accrued expense due to affiliates	1,576	996
Restructuring charges, current	685	685
Line of credit, short-term	3,889	4,084
Total current liabilities	\$ 10,966	\$ 11,577
Other long-term liabilities	275	270
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 - 18,858,972 - March 31, 2004 and December 31, 2003	189	189
Additional paid-in capital	11,175	11,249
Accumulated other comprehensive loss	(8)	(7)
Retained earnings	4,186	4,976
Treasury stock	(242)	(384)
Total stockholders' equity	15,300	16,023
Total liabilities and stockholders' equity	\$ 26,541	\$ 27,870

Contacts: Charles Cimitile
914-332-4100

PondelWilkinson Inc.
Roger S. Pondel
323-866-6006